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APRIL 1981

automotive
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PUBLISHED FOR AMERICA'S AUTOMOBILE AND TRUCK DEALERS



TRX-81 in Reno:
The Annual Convention
of America's
Truck Dealers

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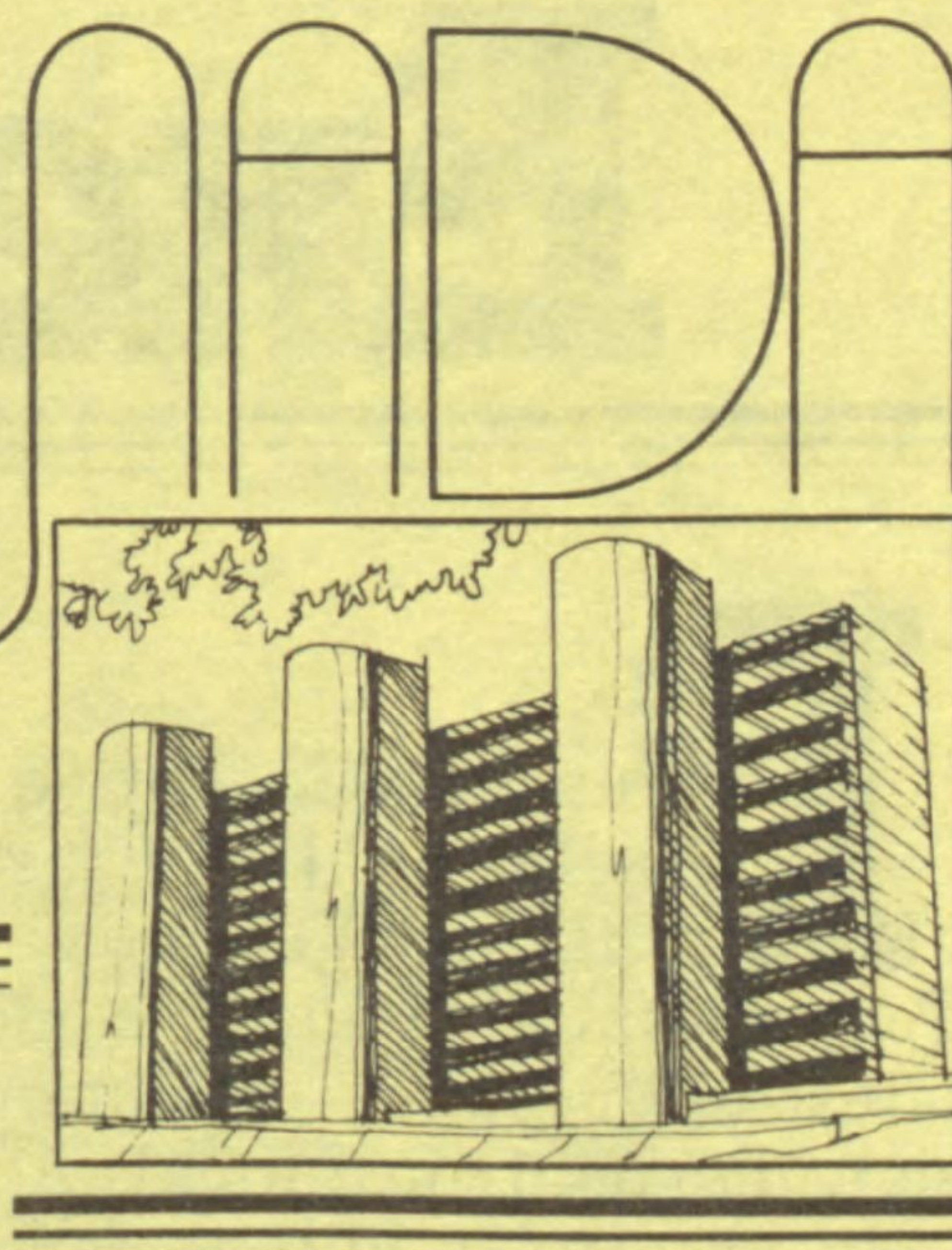
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Trucks: Looking For Solutions

The attention of the nation's truck dealers this month is focused on Reno, Nevada, where the American Truck Dealers Division of NADA is holding its 18th annual convention and exposition.

TRX-81 promises to be more

"Truck dealers need tools to stimulate the market."

than just another convention of speeches, workshops, exhibits and receptions. It will be that, certainly, but it will be much more, too. For those attending and for those watching, TRX-81 will be an indication of where the industry is heading

The outlook right now is grim. Truck sales are in a two-year slump. Dealer profits are shrinking and most dealers are having a tough time making ends meet. Solutions are desperately needed for the short- and long-term, solutions that will help truck dealers survive.

The TRX-81 agenda addresses this need by bringing speakers to the convention platform who can provide insight into the prospects for solutions—including Senator Paul Laxalt of Nevada, a close advisor to President Reagan. Certain to be discussed by the Senator and other speakers are prospects for lower interest rates and for elimination of the federal excise tax on trucks and truck parts and accessories.

The agenda also provides a favorable forum for dealer-manufacturer dialog on issues that can effect dealer survival. Key subjects in these discussions surely will be price reductions and floor plan assistance.

Clearly, truck dealers need help. They need programs and tools to stimulate the truck market. Like the car business, nothing happens in the truck industry until a dealer makes a sale.

Price reductions, or rebates, and elimination of the federal excise tax would immediately stimulate the truck market. Now is the time—at the ATD Convention and in the days

that follow—to push these relief measures and others with government and the manufacturers.

The time is particularly propitious. The new administration recognizes how vital the role of the automotive industry

"The time is particularly propitious."

is to the national economy, and it is apparently determined to come to the industry's aid. Manufacturers also are acknowledging the need for sales stimulation.

This consensus, brought about by months of persuasive effort by ATD officials, can lead to positive action by government and industry to revive truck sales. ATD is the organization that can motivate this action and TRX-81 is the appropriate forum for action to begin. We cannot sit back and wait for something to happen.

Executive Notes

Purchase-incentive legislation. In the last few days of February, Rep. Tony P. Hall (D-Ohio) became the latest to introduce legislation designed to help the ailing U.S. auto industry. Hall's bill, cosponsored by Rep. William M. Brodhead (D-Mich.), a member of the House Ways and Means Committee and co-chairman of the House Auto Task Force, would provide a tax credit of up to \$1,000 for the purchase of domestic cars and light trucks. The amount of credit would be determined by multiplying 10 percent of each vehicle's purchase price by the percentage of its domestic content.

Rep. Brodhead is also the sponsor of another bill, H.R. 146, which calls for a \$500 credit. This credit, though, would only apply to purchases of new cars built by manufacturers whose '79 corporate average fuel economy equaled or exceeded 120 percent of their average for '74. That condition would effectively exclude all imports except Mazda, Peugeot, and Mercedes.

H.R. 1519, sponsored by Rep. Jim Dunn (R-Mich.) contains a proposal similar to Brodhead's, except that, on top of the \$500, a purchaser of a qualifying new car could also claim 50 percent of the interest paid in a taxable year, up to \$400.

On the Senate side, Sen. Dan Quayle (R-Ind.) has put together legislation titled S. 200, which would provide a two-year credit of \$750 for the purchase of a car that has at least 75 percent domestic or Canadian content.

The chances for any of these bills? Reportedly, not great at this point. The members of the House Ways and Means Committee, for instance, do not appear overly enthusiastic. A stumbling block may be the cost of any of these programs to the government.

Lighting handbook. The National Lighting Bureau has come out with *The Energy Saver's Guide to Good Outdoor Lighting*, a new 24-page, full-color publication designed for managers and other non-technical personnel.

Said an NLB spokesman, "There is growing evidence that both public and private owners of outdoor lighting systems are impairing some of the benefits of outdoor lighting, such as safety and security, in an effort to save energy. This is wasteful in the extreme, because new technology makes it possible to attain substantial energy and dollar savings while actually increasing the value of benefits provided by the outdoor system."

Among the many different energy conservation techniques discussed in the new publication are: the use of more efficient lamps (bulbs and tubes) and fixtures; selection of proper mounting heights and beam utilization patterns; application of controls; and, improved maintenance.

The discussion of fixtures is accompanied by a number of illustrations identifying the types available, their light distribution patterns, and typical applications. "People need to have a better understanding," the NLB spokesman said, "of the important role fixtures have in energy conservation. Outdoor lighting efficiency, in large measure, is determined not by how much light is produced by the system, but rather by how much of the light is placed where it is needed. Light distribution is the primary function of the fixtures."

The Energy Saver's Guide also includes a lamp interchangeability chart which indicates that some lamps provide 440 percent more light than others while actually consuming less energy. Another section of the publication contains an annotated list of sources of assistance. The Guide is

available at a cost of \$3 from the National Lighting Bureau, 2101 L Street, N.W., Suite 300, Washington, D.C. 20037. Remittance must accompany each order.

Fuel tax boosts. Bucking what some call a national cost-cutting trend, 40 states are expected to seek ways to raise motor fuel taxes this year to keep pace with the mounting costs of road work, according to information compiled by the Highway Users Federation.

The only states not looking to boost fuel taxes are Alabama, Delaware, Georgia, Kentucky, Louisiana, Nebraska, South Dakota, Tennessee, Texas, and Virginia. (Kentucky has no legislative session scheduled for 1981.)

Of the 40 other states, 26 are expected to consider legislation to hike the cents-per-gallon tax on gasoline and diesel fuel. Bills will be introduced in the legislatures of 35 states to impose a variable or percentage tax on motor fuel or to increase existing variable tax increases.

A variable tax rate pegs the tax-per-gallon to a percentage of the average wholesale or retail sales price, which may be adjusted periodically within limits prescribed by law. Six states—Washington, New Mexico, Massachusetts, Kentucky, Indiana, and Nebraska—currently use the variable tax.

Eight states currently place a sales tax on motor fuel in addition to a cents-per-gallon tax or a variable tax. They are Mississippi, California, Hawaii, Illinois, Michigan, Georgia, New York, and Indiana.

The remaining 37 states impose the cents-per-gallon tax, ranging from a high of 12 cents in South Dakota to a low of 5 cents in Texas.

Nearly half the states have increased fuel taxes in the last three years alone, ten in each of the last two years. AE

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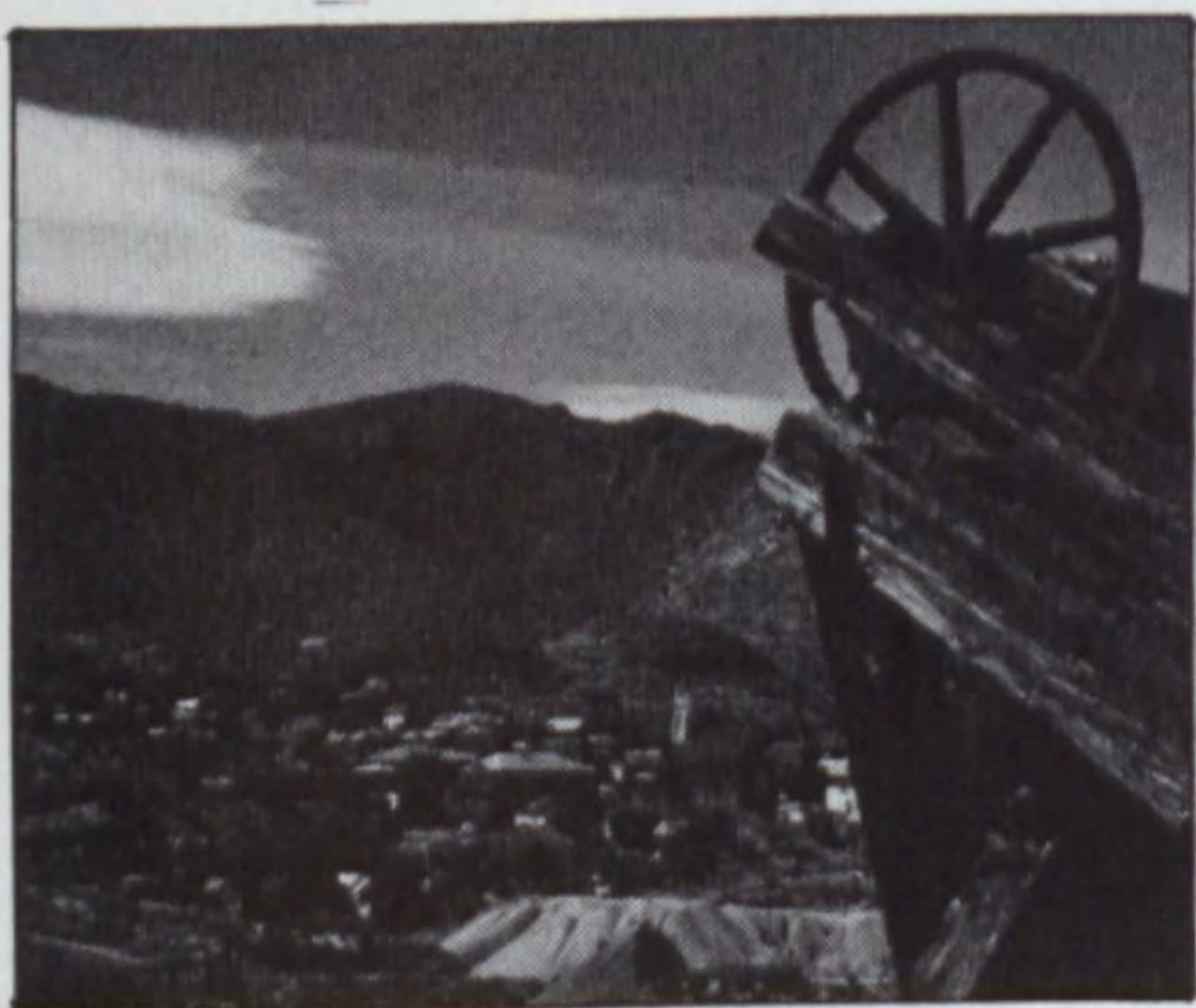
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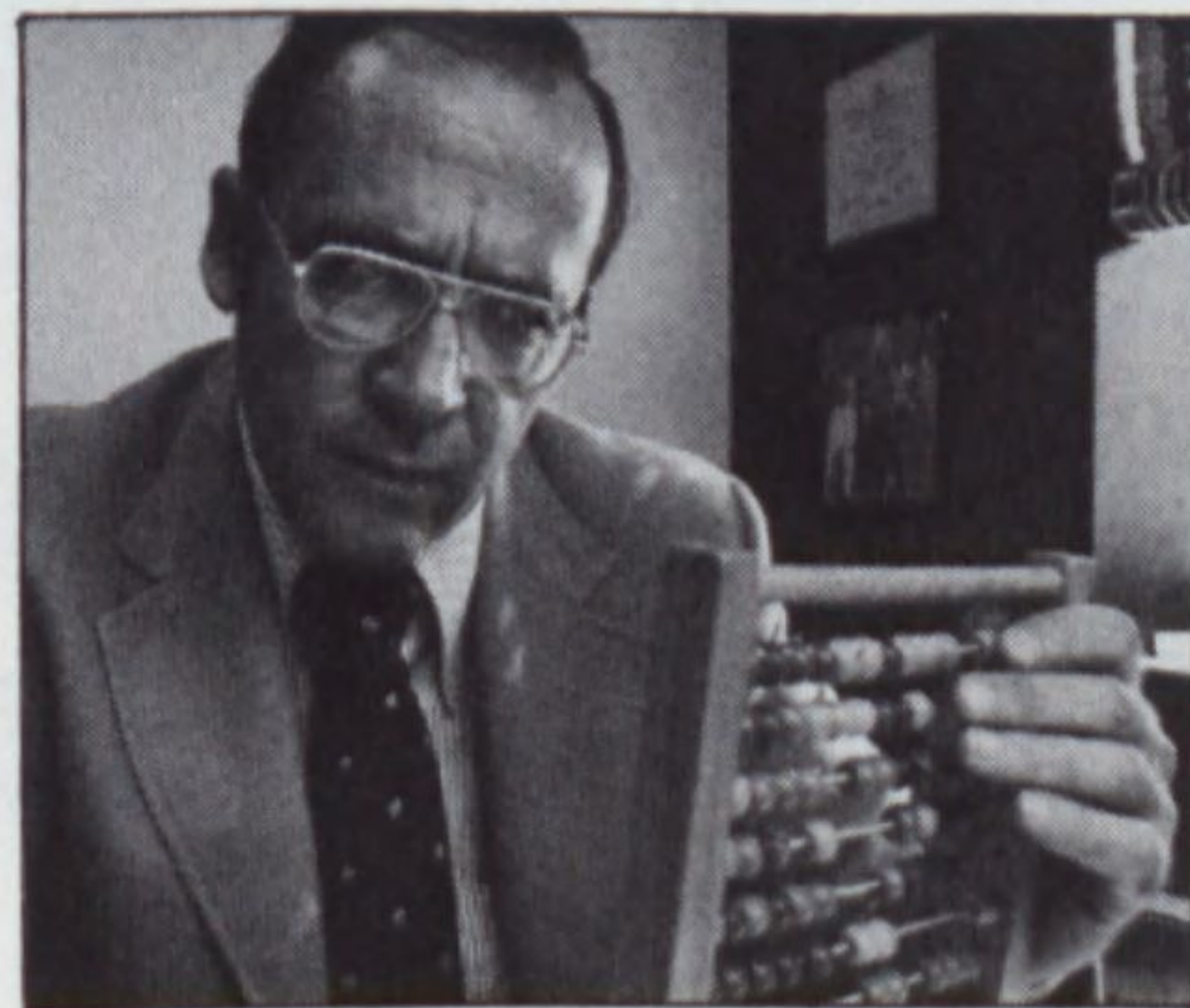
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Reno & TRX-'81: Perfect Prescriptions



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Computers: It Depends On What You Need.



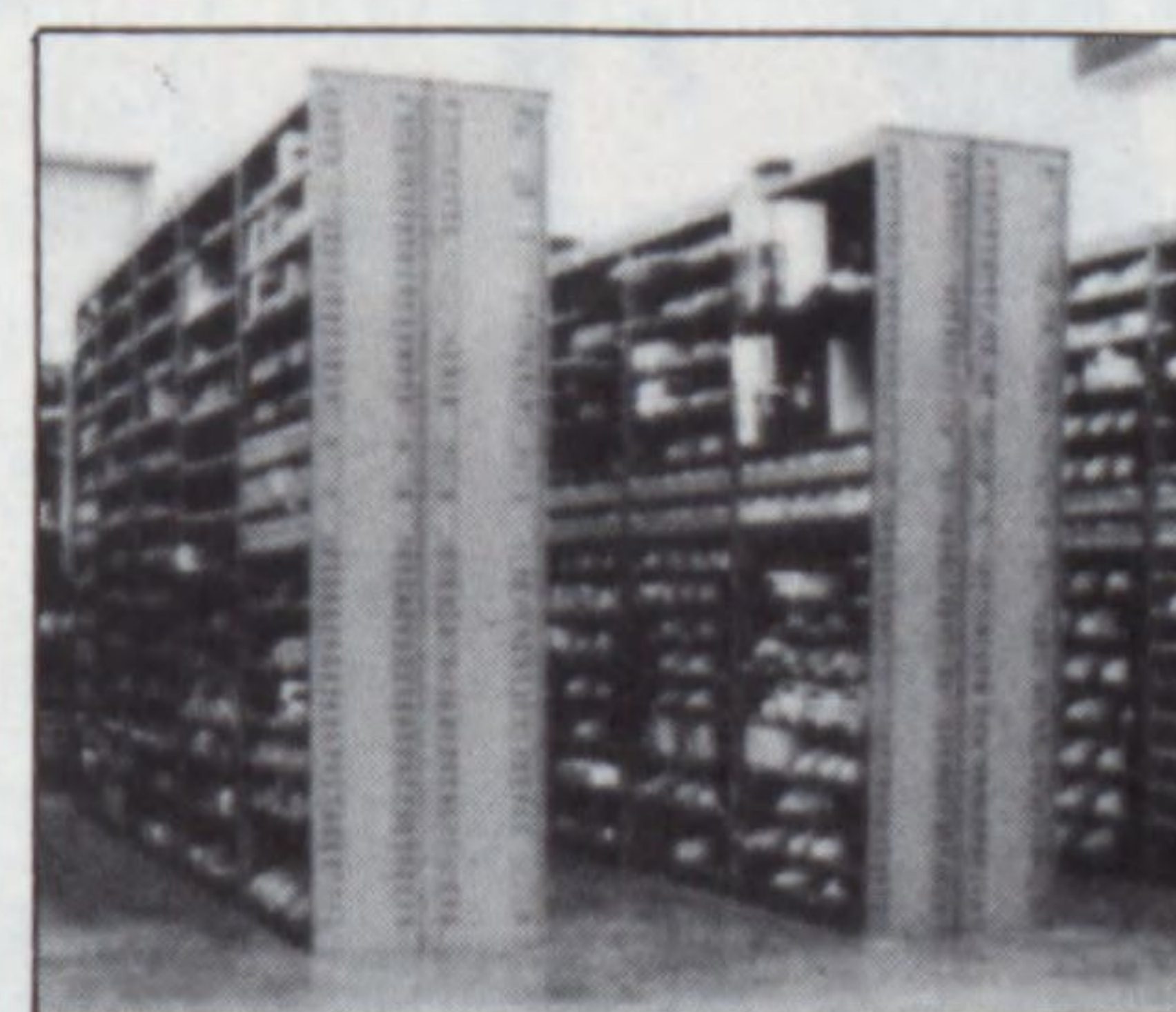
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Stop Playing Ostrich



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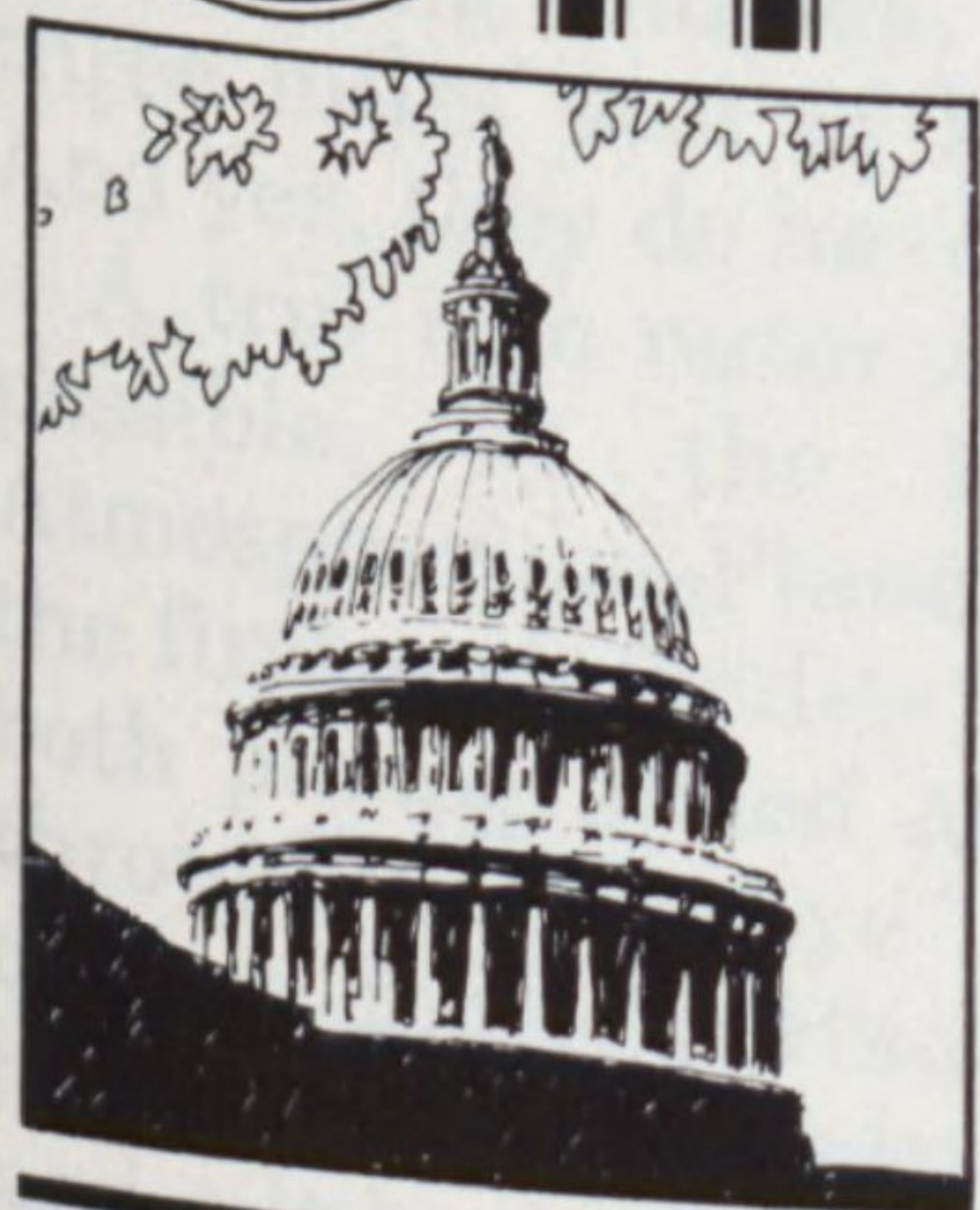
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ON THE HILL



On February 24, 1981, NADA President Wendell Miller, 1st Vice-President George Lyles, Executive Vice-President Frank E. McCarthy and other NADA staff met with Department of Transportation Secretary Drew Lewis to review NADA's recommendations for stimulating automobile and truck sales. In a letter delivered to the Secretary, President Miller noted that "this industry needs a comprehensive program of short and long-term solutions to become a healthy base for the recovery of the U.S. economy and to be competitive in world trade."

Miller went on to say that "the current problem dwarfing all others is excessively high interest rates. High interest rates are the leading cause of current dealer attrition in this interest-sensitive retail business. . . . A primary solution to this traumatic problem is renewed customer and investor confidence. We certainly support President Reagan's recovery plan for decreased federal spending and tax reduction to accomplish this."

Inasmuch as Secretary Lewis heads President Reagan's Automotive Task Force, NADA urged the Secretary to incorporate the following recommendations in any report the Task Force may issue regarding appropriate government action to assist the industry:

I. Tax Credit to Purchasers of New Automobiles:

The Administration should support and Congress should enact a temporary \$500 tax credit to purchasers of new automobiles. Such a temporary tax credit would provide an immediate stimulus to the retail sale of new automobiles, increase vehicle production, and serve as the first step towards recovery of the industry.

II. Accelerated Recovery of Capital Cost Expenditures, Thereby Reducing Future Inflationary Pressures on New Car and Truck Prices:

NADA supports appropriate tax legislation that provides for accelerated depreciation and increased investment tax credits.

Specifically, the industry needs the benefits of the accelerated recovery of capital on the costs of machinery and equipment, as well as on certain commercial and industrial buildings over a period of 3, 5, or 10 years, so long as existing depreciation schedules are not increased.

III. Repeal of the Federal Excise Tax on Trucks and Interim Revision of Collection Point:

The 10 percent FET on trucks and the 8 percent FET on parts and accessories should be repealed. Elimination of the FET would substantially reduce vehicle prices and, in turn, stimulate sales.

As an interim measure, the tax collection point should be deferred from wholesale to retail sale, to eliminate the FET as an item of dealer floor-plan expense.

IV. Comprehensive Regulatory Reform and Relief, from Particular Agency Actions:

NADA recommends that not less than a two-year moratorium be imposed on all new federal regulations affecting the motor vehicle industry.

All existing, proposed and future regulations should undergo a comprehensive review. Regulations should be the product of meaningful cost-benefit analysis and be the least costly and intrusive alternative.

Such moratorium, review and regulatory analysis should be required for all federal departments and agencies, inclusive of the independent regulatory agencies.

There are several unnecessary and burdensome regulations which should be deferred, modified or eliminated. The "tentatively adopted" FTC Used Car Rule is unnecessary, inflationary, would cause irreparable damage to franchised dealers and must be withdrawn.

V. Provision for Financial Assistance to Franchised Dealers:

Terms of the existing SBA dealer loan programs, particularly the current revised size standards and 90 percent guaranty, should be retained, subject to the following modifications: an increase in the maximum loan amount to \$750,000, and provision for guaranteed loans at reasonable interest rates.

The applications of Chrysler Credit and of Associates Financial for qualification as small business lending companies should be approved by SBA. Approval of such firms would provide additional sources for needed working capital financing. **AE**

This is one of a series of monthly columns dealing with legislative issues of concern to franchised new car and truck dealers. It is intended to provide a brief summary of those actions either already taken by the Congress or currently pending which will impact on your business.

RENO TRX-81

Prescription for what ails you

The label affixed to this year's ATD truck convention—"Prescription for Survival," is certainly more than apt, but that tag could just as easily be applied to the host city, too.

For the businessman or businesswoman who's looking to escape, Reno—or more precisely, the area embracing Reno, Tahoe, Virginia City, and Carson City—is the perfect place to ease those nerves, stretch out those muscles, lose those inhibitions, and unleash that imagination.

Reno is *not* everyman's Garden of Eden—no place is, despite what probably every area's office of tourism would have you believe. But it is also *not* simply a strip of neon, trying hard to be another Vegas.

There *are* a lot of similarities between the two cities, most of them centered around the fact that gaming is, in truth, the biggest thing in both towns. The MGM Grand's Reno casino, for instance, is 100,000 square feet big, which qualifies as the world's largest.

But it's the out-of-doors and the slightly out-of-town attractions that make Reno, in the opinion of a lot of people who've tried it, so distinctive and so unique. It is *not*, as you might have thought, in the middle of the desert. In fact, it is part of a fertile valley located in the foothills of the high Sierra mountains which separate Nevada and California.

That location makes Reno/Tahoe a haven for skiers, replete as it is with slopes that'll challenge the advanced and the not-so-advanced, and it's also an exciting area for golfers. Nine courses packed with spectacular golf scenery are available, for fees rang-

ing from less than \$10 to almost \$30.

Many of the slopes stay open through mid-April, and one of the beauties of the Sierra Nevada is the fact that when the weather's too warm for skiing, it's usually just right for flyfishing. And likewise, when it's a little too cool for perfecting your backstroke, it's generally super-to-excellent for working on your backhand.

If you actually do want to work on your tennis while you're in the area, the MGM Grand, headquarters for TRX-'81, has five indoor courts within its confines, and Reno itself has tennis courts in eight different public parks. Several riding stables are available, too, and there is plenty of room for hiking, picknicking, or sightseeing.

To sightsee means to visit Lake Tahoe. It has been called one of the most majestic lakes in the world, and it is. Located 6,228 feet high up in the Sierras, the snow-fed waters can be reached in 45 minutes by car from Reno. You can sightsee around the lake at places such as the Ponderosa Ranch, site of the old *Bonanza* TV series, and you can sightsee *on* it from aboard the *M.S. Dixie*.

The paddlewheel cruise ship sails once each day from the Zephyr Cove Marina, and once each night, for a three-and-a-half hour dinner cruise. In addition to the meal and the music and the beauty of the lake, passengers can take in the view of Emerald Bay, Vikingsholm Castle, and historic Fannette Island.

Just 23 miles *southeast* of Reno

is Virginia City, the town that burst into prominence a century ago with the discovery of the Comstock Lode, only to perish a short 20 years later. Now it stands revived as a "ghost town," with mansions, stores, boarding houses, and saloons that have the mark of the 1870s all over them.

One of the smallest state capitals in the nation, (and the only one named after frontier scout Kit Carson), is just 29 miles south of TRX-'81 headquarters. The historical old Mint Building and the original coin press are there, as are the Nevada State Museum and a fine collection of Victorian mansions.

Fifteen miles further down the road from the capital is Minden-Gardnerville, an area of rich ranch lands, a Basque community, and consequently, a good amount of sumptuous Basque food.

But, if you don't want to travel even modest distances, or if you just don't care to incur the expense of a rented car, travel on over to the *frontone* to catch a game of jai alai. It will be just a little more than an elevator ride away, right in the MGM Grand Hotel, in its 2,100-seat facility. If you think racquetball is fast and handball furious, give this game a watch. And remember, parimutuel betting is very much a part of the action.

For more peaceful recreation, go on over to Harrah's and see what you think of their collection of a thousand-and-some automobile works of art. If you began to covet thy neighbor's wheels *way* back when, you might be interested in a Stanley Model K Semi-Racer. Or, if you're a little younger, you

might consider the Flying Wombat to be neat.

Whatever the preference, the car is probably *somewhere* in the 13-building complex, located just three miles east of Reno proper. And yes, they do have a Bugatti.

A trip into outer space is also possible, at the Fleischmann Atmospherium-Planetarium. It's the first such facility to show film both photographed and projected through a "fish-eye" lens onto a curved, domed surface. The effect, heightened by quadrasonic sound and tilt-back chairs, gives you a chance at an extra-special encounter with the comet Kohoutek or perhaps the planet Jupiter.

If your interest runs to guns, you'll find something much more intriguing at Harold's Club than just the customary casino: namely, an antique gun collection valued at more than \$1 million. Nearly 2,000 rifles and other weapons are on display there, dating back to man's original firearms of the fourteenth century. Jesse James' Colt 44 is said to be there, as well as Wild Bill Hickok's Smith & Wesson 32. And also, Harold's has come up with a sun dial cannon.

That rather fascinating weapon has a glass lens, which was capable of focusing the sun's rays on a black powder charge. When miners heard a loud report, they knew it was time for their noon meal.

Looking at the guns at Harold's is even more pleasant than it might be, because neighboring the collection is a cache of intricately crafted nickelodeons, the jukeboxes of yesteryear. Everything is on display 24 hours a day, and admission is free.

The Liberty Belle Saloon has something of its own that's pretty interesting, a collection of the early versions of the slot machine, a gadget that was invented by a San Francisco mechanic in 1895.

And, for a little bit of ancient history, drive 32 miles northeast of Reno to Pyramid Lake. The prehistoric lake is located in the midst of the desert and the Paiute Indian Reservation, and it's notable for its record-size Cutthroat Trout and its strange pyramid rock formations.

You can travel all you want, actually, because if you need to unwind, complete men's and

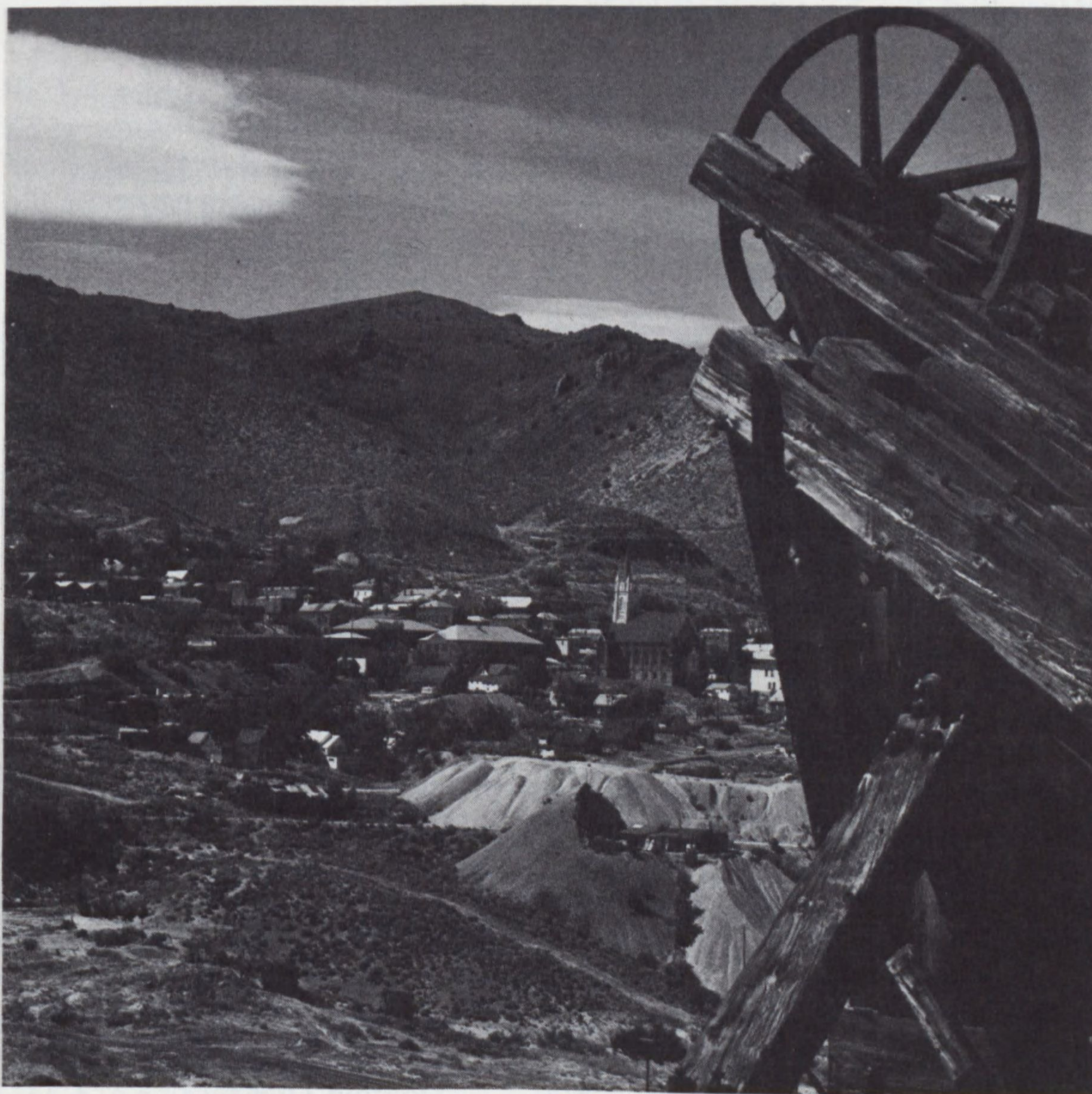
women's health facilities are available at the MGM Grand, including saunas, steam rooms, Russian baths, whirlpools, massage services, and an indoor solarium.

If you like bowling, but you like it in solitude, you can take advantage of the 50 lanes you'll find in the hotel. Like virtually everything else, they are available all through the day, and definitely all through the night.

employee productivity, and dealership forecasting and cash management.

The *Productivity* workshop will concentrate on measuring and improving the productivity of technicians, sales personnel and office staff, and also of middle management. Job descriptions and evaluation forms will be discussed.

The program will be handled by Bob Young, an NADA 20 Group



A glimpse of some of the countryside surrounding Reno.

Don't, however, whatever you do, forget the reason Reno beckons you in the first place: within the context of the truck industry, there are a lot of problems that need to be discussed, and a lot of solutions that need to be figured out. ATD has put together a roster of professionals who will address the issues most dealers perceive to be key.

It would be fair to argue that a good deal of the convention's attention will be given to the subjects due for address at the seven TRX workshops: LIFO, LIFO basics, parts inventory control, taxes, compensation programs, consultant who has had 27 years of experience in the automotive busi-

ness as a salesman, sales manager, general manager, and heavy-duty truck dealership owner.

Tax Tips for Truck Dealers will focus on certain specific taxes and current tax legislation, and it will also take a look at the impact of the Thor Power Tool case, among others.

Leading the discussion will be CPA Frederic White, a tax partner in Arthur Andersen & Company's San Francisco office who is also the author of "Tax Deferral Techniques, Cash Flow, Tax Planning," in *The Treasurer's Handbook*.

In the *Dealership Forecasting and Cash Management* seminar, Ray Crawford will explain why

cash flow is more important than actual income, and how the dealer can realistically forecast dealership expenses and income on an annual, monthly, and daily basis.

Crawford is president of Port City Ford Truck Sales in Houston, and prior to obtaining that franchise, he worked for International Harvester and for Ford Motor Company.

LIFO, that sometimes mysterious method of inventory valuation which has been variously described as risky, ingenious and complicated by people less than familiar with it, will be the subject of *two* workshops: *LIFO Basics*, and *LIFO for the Experienced Dealer*.

Don Wiese, the associate director for Touche Ross and Company's National Tax Service, will show dealers that the method *is* a way to pay less tax legitimately, and in the Basics course, he will discuss fundamentals and how to get started. The experienced dealer session will include a more technical discourse on the subject, and an extended treatment on the most recent IRS rulings.

Effective Compensation Plans, led by John Bourke, Sr., will examine the pros and cons of tying manager compensation to a percentage of department profits or to a percentage of total dealership profit. In the course of the discussion, the seminar will look at fringes, and also the gamut of effective alternative pay plans.

Bourke, who has been in the business for 35 years, is president of Total Transportation Services, Inc., a group of five heavy-duty truck dealerships sprinkled throughout Kentucky and Ohio.

The final workshop topic to be addressed, *Parts Inventory Control*, is, to many dealers, perhaps the most important. Mike Nicholes, the inventory management consultant who will lead this seminar, will discuss the real cost of emergency purchases versus stock purchases; manufacturer obsolete parts return programs; true turn of your inventory; and, selecting the best inventory control system, either manual or computerized.

Nicholes has spent nine years with a major data processing service bureau at various management levels, and he is also an au-

thor on the subject of Parts Inventory Management, and a consultant for Chrysler, Kenworth, and Allis Chalmers.

From start to finish, TRX-'81 should be a valuable (and enjoyable) experience. Wall Street economist A. Gary Shilling will be there to talk about the economy, and Republican Senator Paul Lax-

alt of Nevada will be there to discuss the legislation that might be coming out of the new Congress.

All that, plus all of the information that is annually exchanged among the several hundred dealers in attendance, prompts the question: Can you say it's medicine your dealership really doesn't need?

Æ

AGENDA

Monday, March 30th

Opening Session—1:00 p.m.
Ziegfeld Theater
A. Gary Shilling—Keynote,
Business Week TDOTY
Exposition—8:30 a.m. Grand
Ballroom
Prize Drawings Sponsored by
Bank of America
Make Meetings—3:30 p.m.
Chevrolet, Freightliner,
Kenworth, Peterbilt
ATD Get Acquainted
Reception—6:00 p.m.
Grand Salon
Sponsored by Detroit Diesel
Allison

Tuesday, March 31st

General Session—9:00 a.m.
Capitol Room
Dr. Tom Haggai—Compliments
General Motors
Make Meetings—10:30 a.m.
Iveco, Mercedes, Volvo
Convention Luncheon—12:00
noon.
Ziegfeld Theater
Guest Speaker—Jack Jackson
Sponsored by Rockwell
International
Make Meetings—3:30 p.m.
Ford, GMC, IHC, Mack, White

Wednesday, April 1st

Exposition—10:00 a.m. Grand
Ballroom
Convention Luncheon—12:00
noon
Ziegfeld Theater
Guest Speaker—Senator Paul
Laxalt (R-Nevada)
Sponsored by Eaton
Corporation
Exposition—1:30 p.m. Grand
Ballroom
Ladies Tour & Luncheon
Lake Tahoe
Busses Depart Lobby
9:30 a.m.

Thursday, April 2nd

Delegates Breakfast—7:30 a.m.
Capitol Room
Sponsored by Cummins Engine
Company
Northwood Institute Seminar—
10:30 a.m. Tivoli & Globe
Room
ATD Reception 6:00 p.m.
Grand Salon
ATD
Dinner/Entertainment—7:00
p.m.
Ziegfeld Theater
"Hello Hollywood, Hello!"

| TRX—81 Workshop Program | April 1 | April 1 | April 2 | April 2 | April 2 |
|--|----------------|---------------|----------------|-----------------|---------------|
| | 8:30- 10:00 | 3:30- 5:00 | 9:00- 10:30 | 10:30- 12:00 | 1:30- 3:00 |
| Affecting Employee Productivity | ● | ● | | ● | ● |
| Dealership Forecasting and Cash Management | ● | ● | ● | ● | |
| Effective Compensation Programs | ● | ● | ● | ● | |
| LIFO Basics | | ● | ● | | |
| LIFO for Experienced LIFO Dealers | | | | ● | ● |
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| Tax Tips for Truck Dealers | ● | ● | ● | | |

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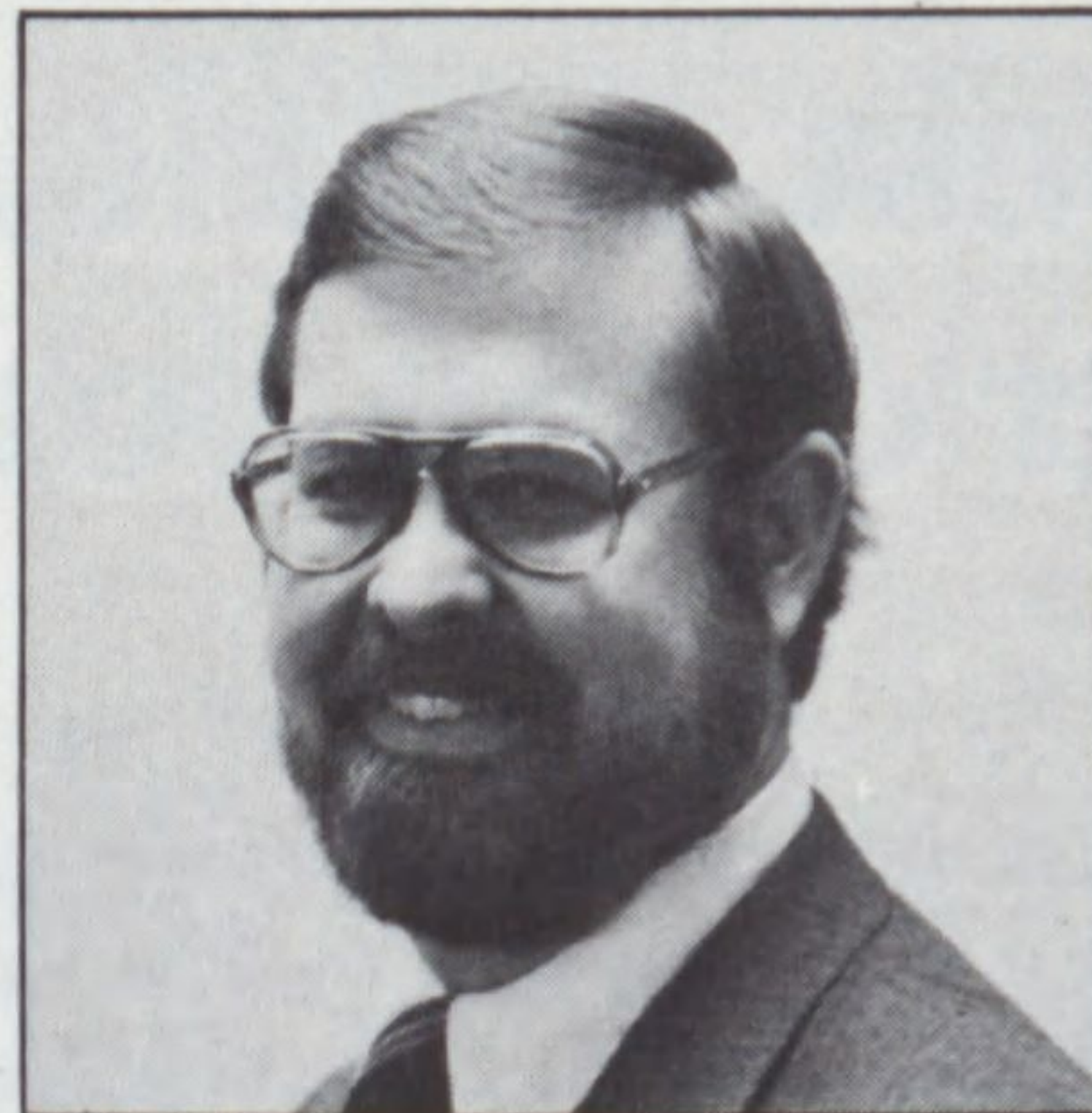
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THE BIG RIGS



Pat Close

I was pleased to see President Reagan put a temporary freeze on government rules and regulations, and I'm certain I heard a distinct sigh on the part of the automotive industry at the news. The *relative* trickle of federal government mandates affecting the truck industry was just threatening to become a flood, and the President's action will give us some breathing room.

"In 1983, a number of regulations are scheduled to take effect."

Most of us agree that the cost of government rules and regulations have significantly driven up the cost of medium and heavy trucks. One of the common complaints, in fact, that I hear nowadays from truck dealers and customers *is* the spiraling cost of those vehicles. Last year, the average new truck price increased 13 percent, and that put the average 1980 heavy-duty truck cost in the neighborhood of \$47,500.

Now where do we go the rest of the decade? I am afraid inflation will continue its double digit pace for at least the next few years. But, let's say it averages out to 10 percent, and for the sake of discussion, let's say truck prices increase at that same rate. That would put our truck cost at \$52,725, on the average, for 1981. By 1982, we're at approximately \$60,000, and away we go!

It's really an incredible situation. As the cost of the new vehicle

increases, fewer people are able to buy the truck, and thus, the market declines. Dealer profit then decreases, because there is less money to be made in sales. Yet, with no regard to the depressed market *or* inflation, the federal government *compounds* the problem by adding costs for a host of rules and regulations. That makes prices higher and demand lower, but it's still supposed to be a free enterprise system.

I think it's unfair to say business is against health and safety, though *some* government people would have the public think that is the case. What we *are* against is a mass of uncoordinated, expensive proposals from a variety of government agencies.

The next couple of years will be relatively easy for the truck industry. But in 1983, a number of regulations are scheduled to take effect. DOT's rear underride rules are set for then and will add \$50 per truck. That's not too bad. But EPA has NOISE standards for that same year which will add from \$300 to \$875 per unit. And those figures, remember, are just government "estimates."

There's a further likelihood that DOT multipiece rim and wheel regulations could somehow slip into place along with a few others. That equates to anywhere from about \$700 on up. And in 1984, we may be faced with a new air brake law which conservatively will add

\$1500 to each truck. And a little further down the road, EPA has diesel particulate standards for us in 1986 that will add \$650 per truck.

The point is, new administration rhetoric notwithstanding, we are still in a great deal of danger. The answer, as I see it, is twofold. First, President Reagan's efforts should be applauded, complimented and supported. The

"The recent history of many agencies consisted of out-shocking each other."

original design of the federal agencies was to provide Congress with assistance in meeting the needs of the country. However, the bureaucracy has become a multiple-headed beast which threatens to destroy every market and economic principle evolved. So, the shift *away* from government mandates to private sector controls is the way to go.

Second, I believe joint government and industry efforts can be undertaken void of regulations and yet still achieve the goals of both groups. It seems much of the recent history of many agencies consisted of "out shocking" each other and grabbing headlines. It resulted in a terrible war, where battles ensued every time a regulation was proposed.

ATD has been involved in a program since the late 70s that shows the government and the truck industry *can* work together. The Voluntary Truck and Bus

continued on page 46

This column is prepared exclusively for automotive executive by Patrick R. Close, director of NADA's American Truck Dealers Division. All inquiries should be addressed to: Pat Close, director ATD, 8400 Westpark Dr., McLean, VA 22102.



"All 200 cars in our rental franchise fleet are equipped with factory Cruise Control."

George Ballas, George Ballas Buick-GMC, Toledo, Ohio

"Our percentage of the local car rental business is higher than the national average for our franchiser," states Buick-GMC dealer George Ballas. "One good reason is that customers appreciate the fact that we fully equip our rental fleet with conveniences such as Cruise Control."

As a new car dealer, George Ballas is aware of the high demand for Cruise Control on his new car sales inventory as well.

It's a factory-installed option that

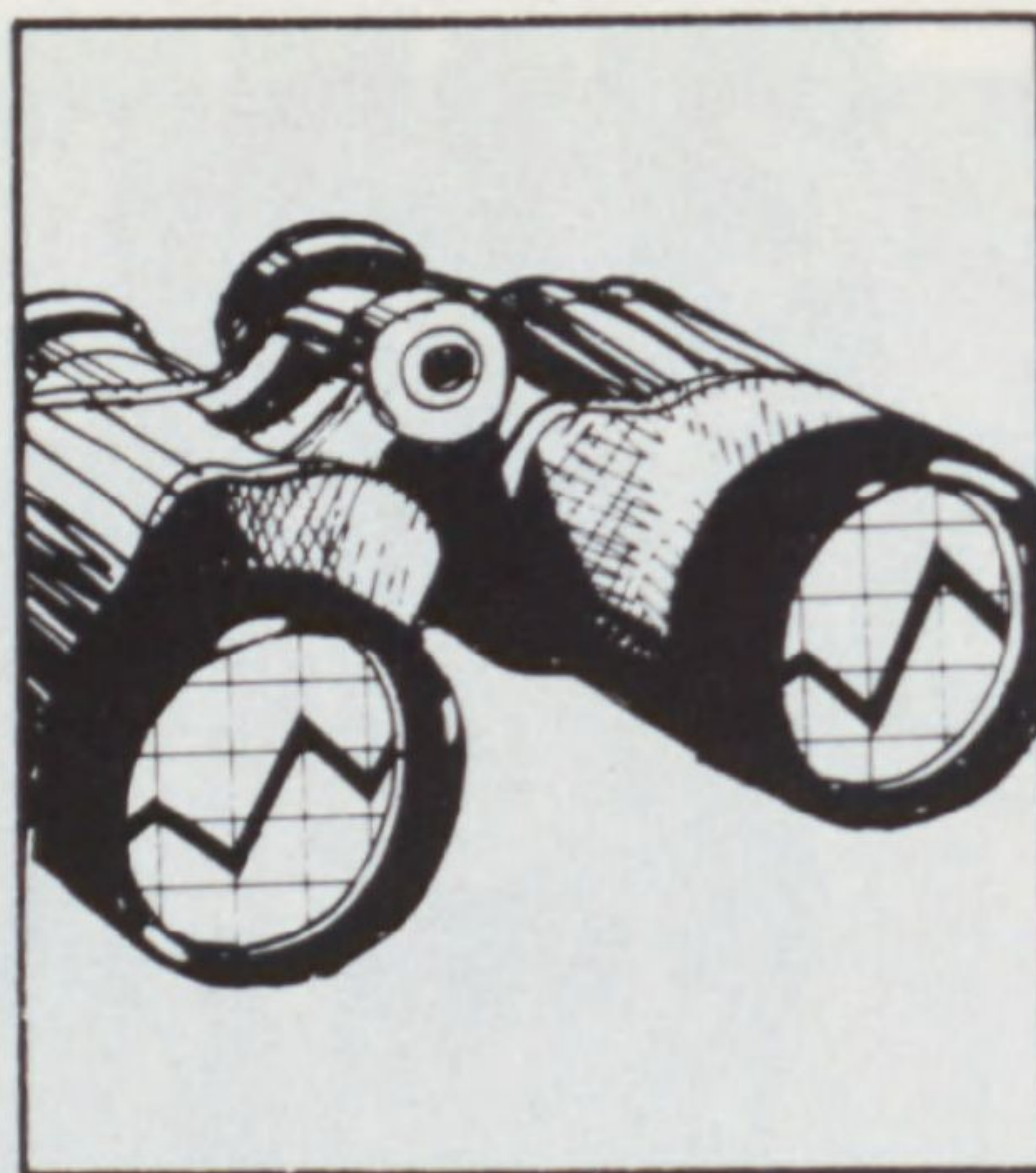
helps sell in-stock cars. That's why more than 50 percent of his new car inventory is equipped with the AC Cruise Control system. And now, with the new 'resume speed' feature, he's even more enthusiastic. "The new 'resume' for 1981 will help us sell even more Cruise Control units this year."

So... for easy selling and profits, specify K35—

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AC Spark Plug Division, General Motors Corporation
1300 North Dort Highway, Flint, Michigan 48556



In 1980, new car and truck sales plummeted to their lowest level since 1961, and floor plan interest rates topped 20 percent in April and again in December. These and other factors caused more than 1600 net dealership closings during the year. Fortunately, about 26,750 dealers were not financially squeezed to that extent, and are still in business today. However, they did suffer, and the chart below shows just how significantly.

and the percentage spent on the used vehicle and service and parts departments increased from 37 percent to 41 percent.) As a result, the new vehicle department's share of total sales dropped from 63.4 percent in 1979 to 61.5 percent in 1980, while the used vehicle, service, and parts department's shares all increased. The used vehicle share rose from 20.3 percent to 20.9 percent, the service department share rose from 7.6 percent to 8.2 percent, and the

ord-level interest rates caused the average dealer's floor plan expenses to increase from \$70,100 (\$175 per new unit sold) in 1979 to \$78,200 (\$223 per new unit sold) in 1980.

The end result of the increase in floor plan expenses was an erosion in dealership profits. In 1979, the average franchised dealer earned a net profit (before taxes) equivalent to 1.3 percent of total sales. In 1980, this ratio was halved, to 0.6 percent.

Average Dealership Profile—Full Year 1980

| | Dollar Amount | As % of Total Sales | % Change in Dollar Amount from 1979 |
|--------------------------|---------------|---------------------|-------------------------------------|
| Total Dealership Sales | \$4,804,600 | 100.0 | - 4.1% |
| Total Gross Profit | 743,900 | 15.5 | - 0.2% |
| Net Profit Before Taxes | 29,300 | 0.6 | -55.0% |
| New Vehicle Dept. Sales | 2,956,600 | 61.5 | - 6.9% |
| Used Vehicle Dept. Sales | 1,003,200 | 20.9 | - 1.4% |
| Service & Parts Sales | 844,800 | 17.6 | + 3.4% |
| Total Advertising | 42,900 | 0.9 | +12.9% |
| Floor Plan Expense | 78,200 | 1.6 | +11.6% |

While new *unit* sales dropped 20 percent last year, the average dealer's total dealership *dollar* sales decreased by only 4.1 percent, from \$5,010,000 to \$4,804,600. This smaller decline reflects the effects of inflation and the change in the dealership's product mix (i.e., the share of total sales accounted for by each department). With new unit sales declining, dealers were forced to place more emphasis on producing revenue in the other departments. (The increased emphasis took many forms, with advertising expenditures being one of the most visible. Total advertising expenditures for the average dealer *increased* from \$38,000 to \$42,900,

parts department share rose from 8.7 percent to 9.4 percent.

While this shift in product mix offset some of the decrease in new vehicle department sales, inflation offset even more. The prices of dealership products increased by about ten percent in 1980. If the average dealer's total sales figures is adjusted for this inflation rate, his sales (real sales) actually declined by 14 percent.

In addition to contributing to an increase in the average dealer's nominal dollar sales, inflation contributed to the record-high interest rates mentioned above. Combined with an increase in the average days' supply of inventory from 68 to 75 days, these rec-

Despite this decline in profits, though, dealers are much more optimistic at the beginning of 1981 than they were at the beginning of 1980. The NADA Dealer Optimism Index, which measures dealer profit expectations for the next twelve months, now stands at 85 (1975=100), compared to 66 a year ago. The new administration is undoubtedly the primary reason for such optimism when the industry is still so depressed. Dealers obviously believe that President Reagan's Program for Economic Recovery will indeed reduce inflation and interest rates, thereby spurring real economic growth and car sales. The signs so far are good. AE

This column is prepared by the Economic Analysis Dept. of the National Automobile Dealers Association. For further information or questions concerning the items appearing in this space, write: Economic Outlook, Economic Analysis Dept., 8400 Westpark Dr., McLean, VA 22102.

The money VIM can save you on these four inventory investment features alone can pay for the system.

The effective control of your inventory investment is often the difference between profit and loss. Reynolds+Reynolds VIM III Truck Inventory System provides that control. We're sure it does, because in developing this system, we consulted with the experts. You. The result is a system that more than meets the demanding requirements of your dealership's parts department!

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Core Processing covers the difficult problem of core prices and exchanges, one of a truck dealership's most common and complex problems.

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Remember. There's more to VIM III than just inventory control.

Ask your nearby Reynolds+Reynolds representative for the complete story. Corporate Offices:

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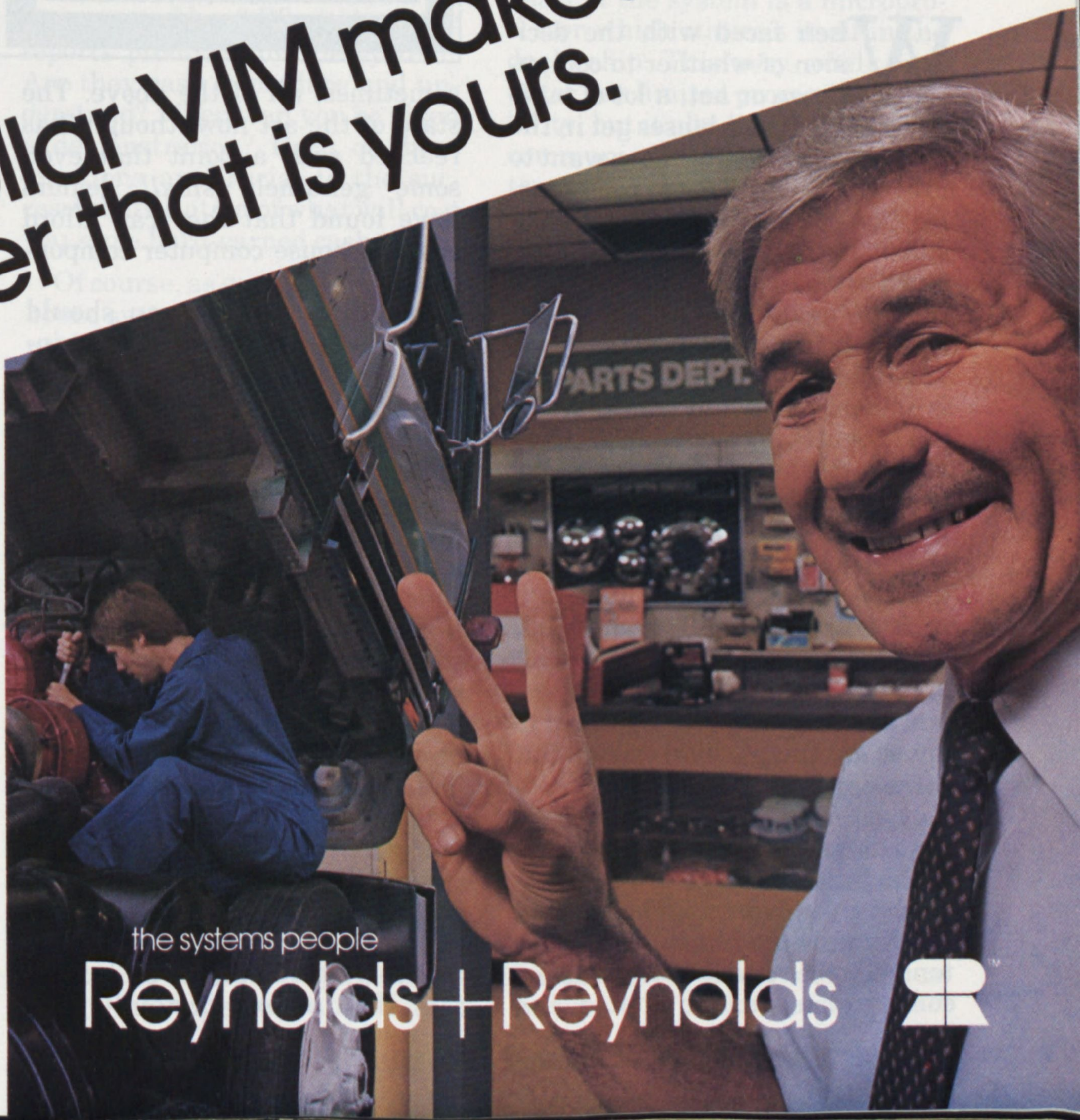
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COMPUTERS

by Ron Rogers



It depends on what you need

When faced with the decision of whether to computerize or not, a lot of businessmen let their biases get in the way. To say blindly, "If we want to progress, we have got to computerize," is as dangerous as its opposites: "It would only mean chaos, extra cost, and armies of needless reports" and, "I'm really too small to handle it."

The decision on computerization is seldom black and white. There are a lot of things to consider in determining if you need a computer at all, and further scrutinization is needed in determining how far you should go. "How far" is usually the toughest to answer.

If you're a small- to medium-sized dealer, maybe you don't know anything about computers, and maybe you haven't wanted to know anything about them. But these are the 1980s, and very probably, a computer *could* end up saving you more money than it costs, in the first year.

Just a few years ago, computer systems for automobile dealers tended to be complicated, cumbersome, expensive, and limited, and

sometimes, all of the above. The state of the art now, though, has reached such a point that even some genuinely *small* dealers have found that they can afford some in-house computer componentry.

Deciding on what you should do—whether you should get an in-house system or go on-line or go all the way down to batch processing—is not simply a matter of sales volume. You have to consider how your organization is set up, how it could best be set up, and whether or not you want to "put all your eggs in one basket." If you link all your departments and all their functions with one system, what do you do in the event of downtime? For your dealership to be viable in such a situation, you had better have a viable answer.

What is the ultimate? Well, if you were to check all of the installations in the country, you might pick an in-house system that costs well over \$100,000, not including monthly maintenance and other fees. But almost certainly, you

would not consider it the ultimate for you. Such a system would likely include accounting, payroll, parts invoicing, parts inventory control, F&I, vehicle management (inventory control of new and used cars and those on order), leasing, sales follow-up, service merchandising, service history, dealer/factory communications, and repair order billing.

But if you don't aspire to such grandeur, you don't have to have it. Display Data, for example, an in-house system manufacturer that boasts about 1,300 dealer clients, estimates that only about 100 of its customers utilize all of the applications it offers. A spokesman for the company says the average system sold goes for roughly \$55,000, and he figures the average dealership serviced handles about 75 new cars a month.

Many dealers, though, whether they go with Display Data or ADP or Reynolds and Reynolds or Dya-tron or whomever, opt for more basic in-house systems which sell in the \$30,000 neighborhood—systems that can handle, for instance, accounting, payroll, and parts inventory, as well as any of the other applications that the dealer might want to purchase at a later time.

Again, in deciding what is right for his store, a dealer has to think about cost—a modest in-house system such as we've just described will probably cost the dealer about \$1,000 a month, or slightly more than that for the maintenance, the software, and the lease/buy payments. And, as we've mentioned, he has to try to evaluate his various departments' possibilities—whether or not the computerization cost could be justified by the resultant increased efficiency and productivity, or perhaps by the increased opportunity, if any, to get into additional profit centers.

If a dealer is small and doesn't, for instance, generate a good amount of activity in selling

wholesale parts, then he probably doesn't want to pay for an application that would give him computer-prepared invoices. Likewise, if a dealer's service facilities are already cramped, then there's little justification, of course, for taking on the service merchandising feature.

What, without getting too technical, can be made possible in a dealership by going the computer route? Well, ADP's director of marketing, Peter Grimshaw, in discussing the repair management feature option on his company's in-house system, made these comments:

"The system follows the customer's car through the service department, and it allows the dispatcher to readily understand which mechanics are working on which vehicles. He's able to check through the computer, vehicle by vehicle, which jobs need to be done, commitment times, when the cars need to be assigned and so on, so that he *can* guarantee your car by a certain time.

"The system interfaces on the front end with the service merchandising system (an application that will send out service reminders, recommend a service menu, and print R.O. headers), and it also interfaces with the parts system. When the parts department hands over an item to a mechanic, the counter person simply inputs that information through his own computer terminal, and it's assigned within the computer to the R.O. that's building in the computer for that particular R.O. number. It's automatically done. If a piece of hard paper gets lost, that's not important, because it's already handled in the computer. When the whole job is done, the computer calculates the labor, totals the parts, and, once the client is satisfied, prints the invoice at the cashier's window, showing every job, what was done, itemized pricing, extended and total.

Then, if it's a credit customer, the A.R. (accounts receivable) is updated automatically. All the appropriate accounting entries are logged without re-keying the information.

"Simply put, it just about does it all. It eliminates duplicate posting, and like a good system should, it gives the dealership the oppor-

tunity to manually override parts prices or service prices for certain types of customers. But, any time there's an exception like that, it then goes back and does an exception report."

If a dealer likes owning his computer hardware, if he likes having everything on the premises, if he wants speed and convenience, if he likes the idea of investment tax credit, and if he wants his departments integrated, then in-house is the way to go, provided he can afford the increasingly reasonable price. He should look at a company's track record with respect to reliability of product and the number of installations, and he should nail down in writing what he can expect in terms of maintenance and service.

How much training will be provided your people? How easy is the system to understand? Is the company "single source?" That is, does it manufacture its own hardware and software and handle everything else, such as the maintenance and training? Or if it isn't single source (and this is most often the case), can you be shown that the integration of the efforts of the companies involved will pose no problem? What about the reports produced by the system? Are they easy to produce and understand? Where can you be given a demonstration? Each of these questions are crucial to the successful utilization of what will cost you some hard-earned cash.

Of course, as good as it is, the in-house system is not the only alternative for the dealer. On-line systems, which connect a terminal and printer located in the dealership to a computer located in the manufacturer's regional center, perform essentially the same results essentially the same way. There is, of course, much less of an investment to depreciate than there is with an in-house set-up, and there is also the matter of the communication lines involved in on-line transmissions: their cost is sometimes considerable, and in peak-use periods, they can be slow.

On-line systems also tend to have not *quite* as many applications available as do the on-site (in-house) systems, but many dealers still, nevertheless, prefer them, and others find them convenient stepping stones until they're

ready to go to in-house. A good example of why can be found with a look, for instance, to Reynolds & Reynolds. Their VIM III (on-site) and VIM II (on-line) systems use essentially the same hardware and software.

The simplest, and least costly way to go is *batch*. Essentially what is involved in "simple batch" processing is, the dealer sends, to the vendor, raw (i.e., paper) or key-punched data through the mail. The vendor then processes it through his computer, and once every week or two weeks or once every month, he sends back various computer printout reports, again through the mail. Several different types of reports are available. If a dealer wants to identify, for instance, all the parts he has on hand that have had no sales movement for the past six months, that is possible.

But another way to go is something called distributive data processing, which exhibits and combines some of the characteristics of on-site, on-line and batch.

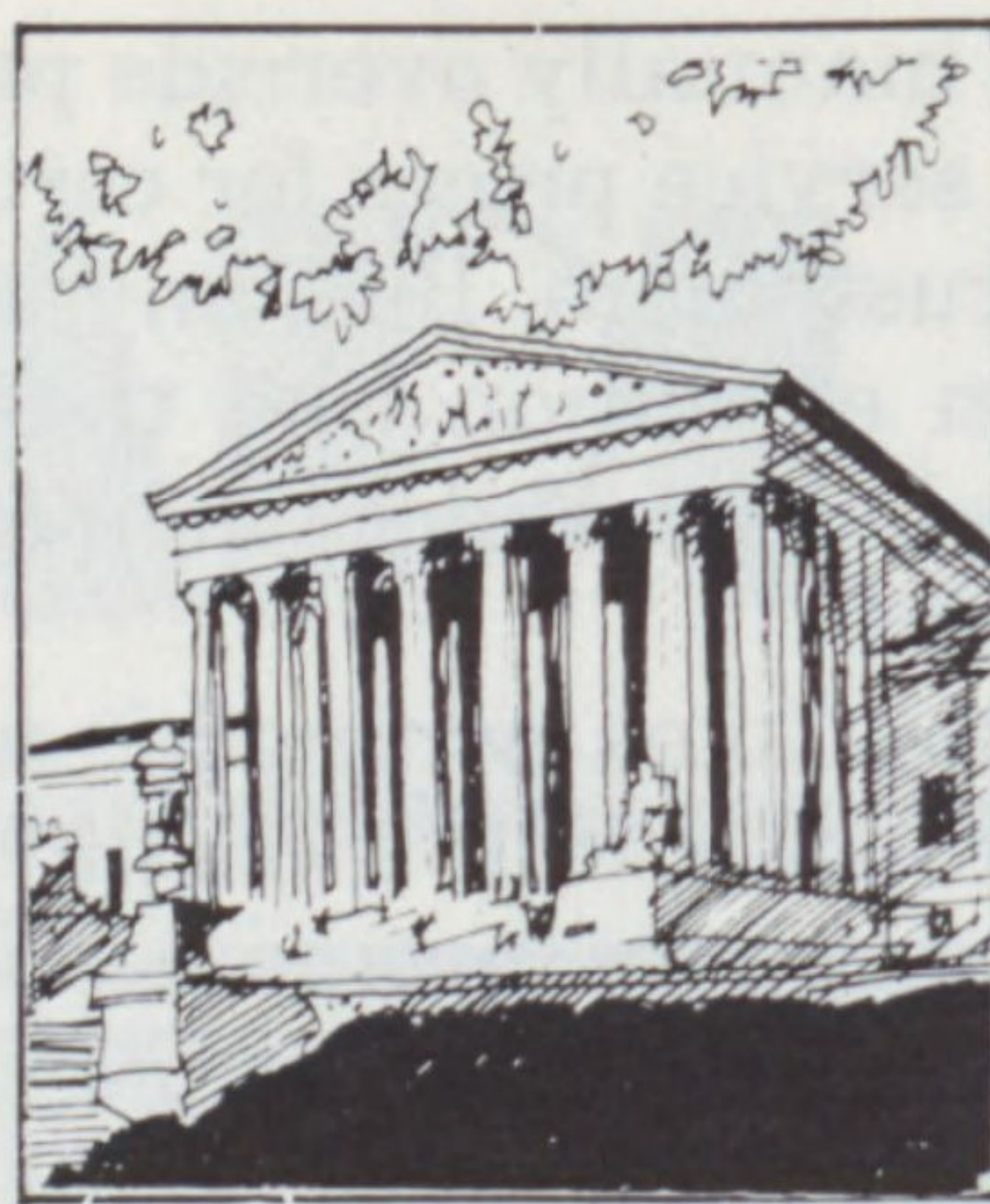
ADP, with its RCS system, is one of those companies offering this kind of processing. At the heart of the system is a microprocessor which stations itself in the dealership. This very small computer has limited processing capability, but it also has the ability to communicate with other computers.

With the memory capacity it has, the computer can, on demand—like the more sophisticated systems we've discussed—tell a parts counterman, for instance, how many of a given item he has in stock.

Basically, in the areas of inventory control and invoicing and accounting and vehicle management, the microprocessor holds in its mini file only the information the dealership *really* needs on a timely basis. It may handle, for instance—ready for immediate access—parts numbers, parts descriptions, prices, on-hand quantities, and on-order.

But if, for example, a dealer would want to look at his complete parts history, he would have to access the ADP host computer located in one of the company's regional centers. He would schedule a time to run a stock order, and the host

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Truth-in-lending simplification: new amendments and proposals

A new Truth-In-Lending Simplification and Reform Act (Title VI of the Depository Institutions Deregulation and Monetary Control Act of 1980) was enacted on March 31, 1980, and basically, the enactment amends the *former* Truth-In-Lending Act to accomplish four goals:

- 1) simpler and more meaningful disclosures to consumers;
- 2) eased creditor compliance;
- 3) strengthened enforcement, and;
- 4) limitation of creditor civil liability to the substantive violations.

Additionally, government agencies have the power under the new act to order monetary restitution to consumers for certain violations. The *restitution* provisions are effective *now*.

To enforce them, the Federal Reserve Board in July of last year adopted a policy guide titled, "Administrative Enforcement of the Truth-in-Lending Act—Restitution." This guide allows government agencies to order creditors to provide monetary restitution to consumers where disclosure errors are the result of gross negligence, willful intention to mislead, or a pattern of violations.

All *other* provisions of the Act will be effective on April 1, 1982. Special regulations to implement the Act will be formulated by April 1, 1981, but they will *not* be mandatory until one year later. In the interim, creditors will have the option to comply with the old or the new regulations.

Four amendments to Regulation Z were adopted in 1980 and became effective January 10 of that year. A *major* amendment established a tolerance of one-eighth of one percentage point in either direction from the exact annual percentage rate, eased the rules for treating minor variations in payment schedules, and offered greater protection to creditors who have relied in good faith on faulty calculation tools.

The proposals currently being formulated to further simplify Regulation Z will probably include provisions addressing the following:

- (a) reducing the number of disclosures creditors are required to make to consumers;
- (b) reorganizing the regulation to make it more convenient to use;
- (c) providing model forms and simplifying rules for computing the annual percentage rate.

NADA commented on the proposals and, in general, NADA supports efforts to clarify and simplify Regulation Z. NADA will continue to urge the Board of Governors of the Federal Reserve System to ease the disclosure and paperwork burden on dealers.

The Federal Trade Commission has jurisdiction to enforce the provisions against dealers. Dealers should *clearly* disclose that any applicable credit insurance is voluntary, and not mandatory. Dealers should also make *all* of the disclosures required of them by Regulation Z and its amendments. Finally, dealers should be careful when

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This column is prepared by the Legal Group of the National Automobile Dealers Association. For further information or questions concerning the items appearing in this column, write: Legal Briefs, NADA Legal Group, 8400 Westpark Dr., McLean, VA 22102.

When Joe Iten looks back on 1980, he thanks his lucky stars for Western Diversified.

“In times when everybody is buying Red Ink, it's kind of nice not to have to use it.”

“Throughout last year, and even somewhat to this day, it seems like the world has come tumbling down on the car business. It's made it more important than ever to generate more cash off of each sale. That's where Western Diversified went to work. They have motivated my F & I people to increase our finance penetration, and get more out of every retail sale. Our turn-overs are up, and our entire staff is more finance conscious.

Western Diversified has made the last 12 months, which to some dealers were disastrous, very, very tolerable.

I'm very pleased with Dan Roth and the Western Diversified team. They're very solid in my book, especially with their fine parent company, Wickes, and I look forward to a long and mutually beneficial relationship.”

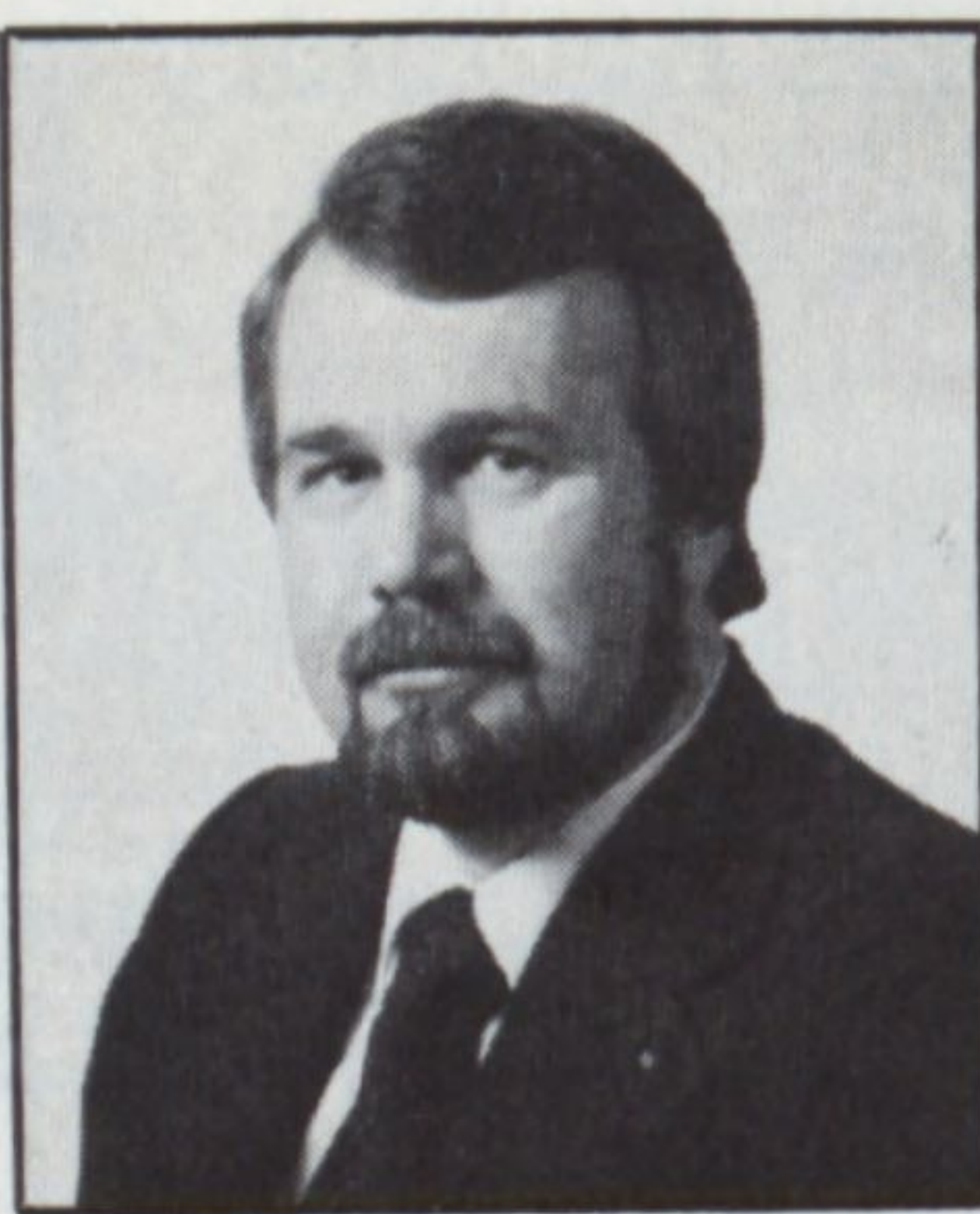
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Douglas Eickhoff

You And The NLRB

If your volume of business exceeds \$500,000 in gross sales, your dealership probably comes under National Labor Relations Board (NLRB) jurisdiction.

Many dealers aren't sure of what they can do or even should do when it comes to handling a campaign for a union election, so the following tips will hopefully be of interest to you even though you are probably aware of some of the things that can and cannot be done.

If the union has signed authorization cards of approximately 30 to 40 percent of your employees who are eligible for a union, it will probably ask the NLRB to have an election. The NLRB will then send you a questionnaire, whether or not you fall under their jurisdiction. At times, you will want to call for an election yourself; this is apt to happen when the union has demanded recognition and then resorts to stalling for time while it drums up support.

The next step toward an election is a hearing. The NLRB will ask if you will accept an election without one, but most labor lawyers feel you *should* have the hearing. Sometimes, however, the union tries to turn these hearings into "nose-counting" contests. They may try to keep every person out of the bargaining unit who they think will vote "no." They do this, of course, to gain a strong foothold in the dealership.

After both sides have spoken, a

transcript of the hearing goes to the NLRB's regional director who decides if an election will be held. If it is to be held, he will set an election date, usually about a month after the hearing's conclusion.

The majority of your employees will be nervous at the start of the campaign. To help things run smoothly, you might want to set up a campaign committee, which should include you, the dealership's managers, all foremen, and your attorney. The committee's main job is to develop strategy, devise speeches and handouts. It should review the union's strategy and decide what to do about each issue they raise.

Be flexible. Make the most of unexpected opportunities provided by the union. Don't violate any NLRB rulings. If you do, the election can be called in favor of the union before it is held.

As a dealer, you must be aware of the following NLRB rulings: *You may not* make statements or take action which might be interpreted to threaten, nor can you promise promotions, raises or benefits that are dependent on how an employee votes. *You may not* question employees as to how they plan to vote. *You may not* forbid an employee to wear a union campaign button. *You may not* ask any employee what he thinks of a union or its officials. *You may not* discharge, lay off, or otherwise

punish or discriminate against a person for his union activities. *You can't* check up on employees. (For example, you can't sit in your car across the street from the union meeting hall as if you were checking to see who attends.) *You may not* ask an employee to give you the names of other employees who attended meetings. If he volunteers such information, you may listen, but you can't ask any other questions.

You may not ask a prospective employee about his union affiliation, and *you may not* hold straw votes. *You may not* offer bribes or say that overtime will be discontinued or that employees may be laid off if the union wins. *You may not* treat union sympathizers differently from union opponents regarding overtime or other preferred assignments. The same goes for disciplinary actions.

You may not interview individuals or small groups in your office or in any other private non-working area to influence their votes.

You may not say or imply that a union victory would result in a strike with an economic loss to the employee.

You can't do *anything* at this point, in other words, that may be *considered* as interfering with employees participation in union activities. And though that may, sooner or later, get to be tough to swallow, it's something you *must* remember. **Æ**

This column is prepared exclusively for **automotive executive** by Douglas Eickhoff, Service and Parts Director of Steve Foley Cadillac, Inc. All comments or questions pertaining to these columns should be addressed to: Douglas Eickhoff, Steve Foley Cadillac, Inc., 100 Skokie Blvd., Northbrook, IL. 60062.

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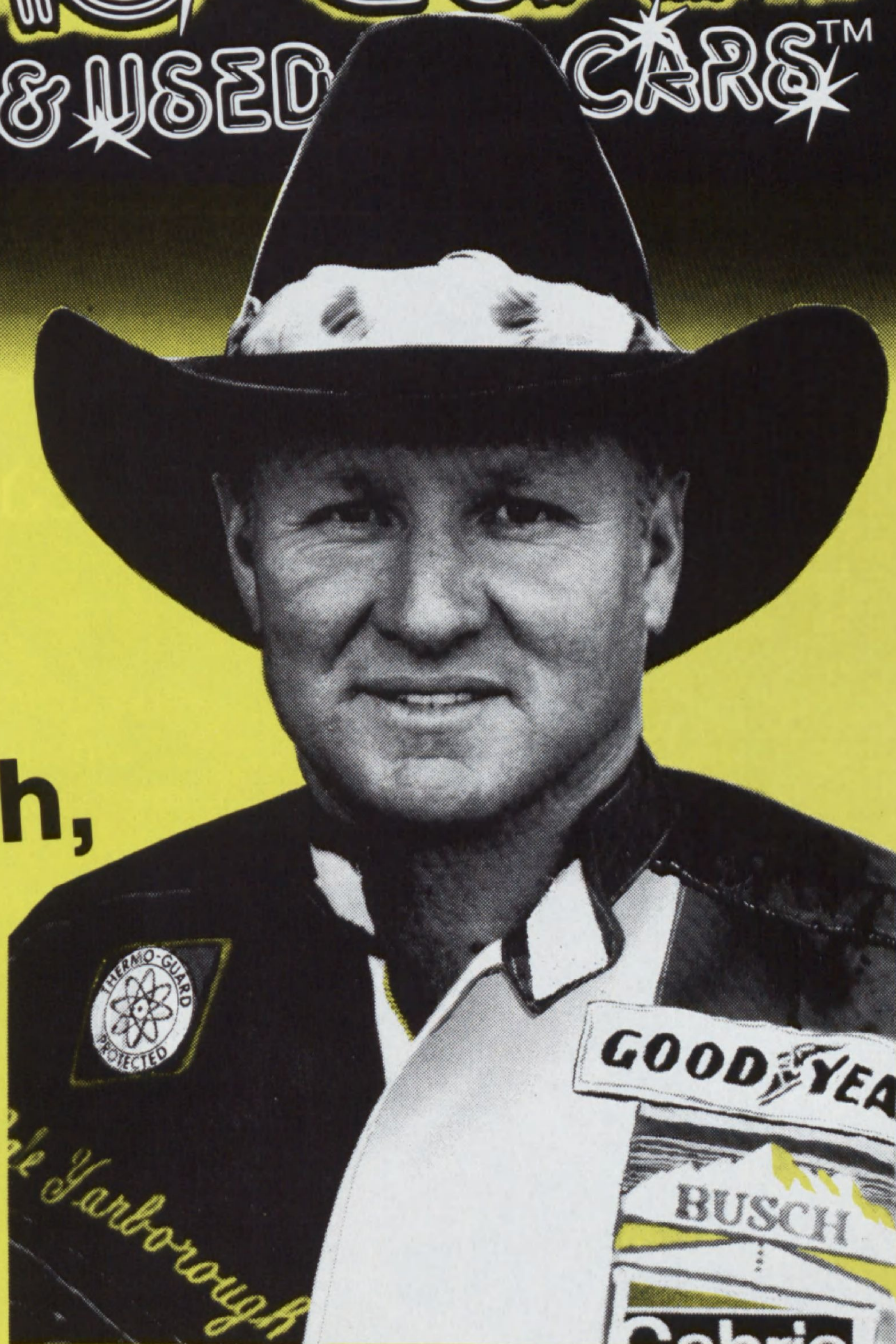
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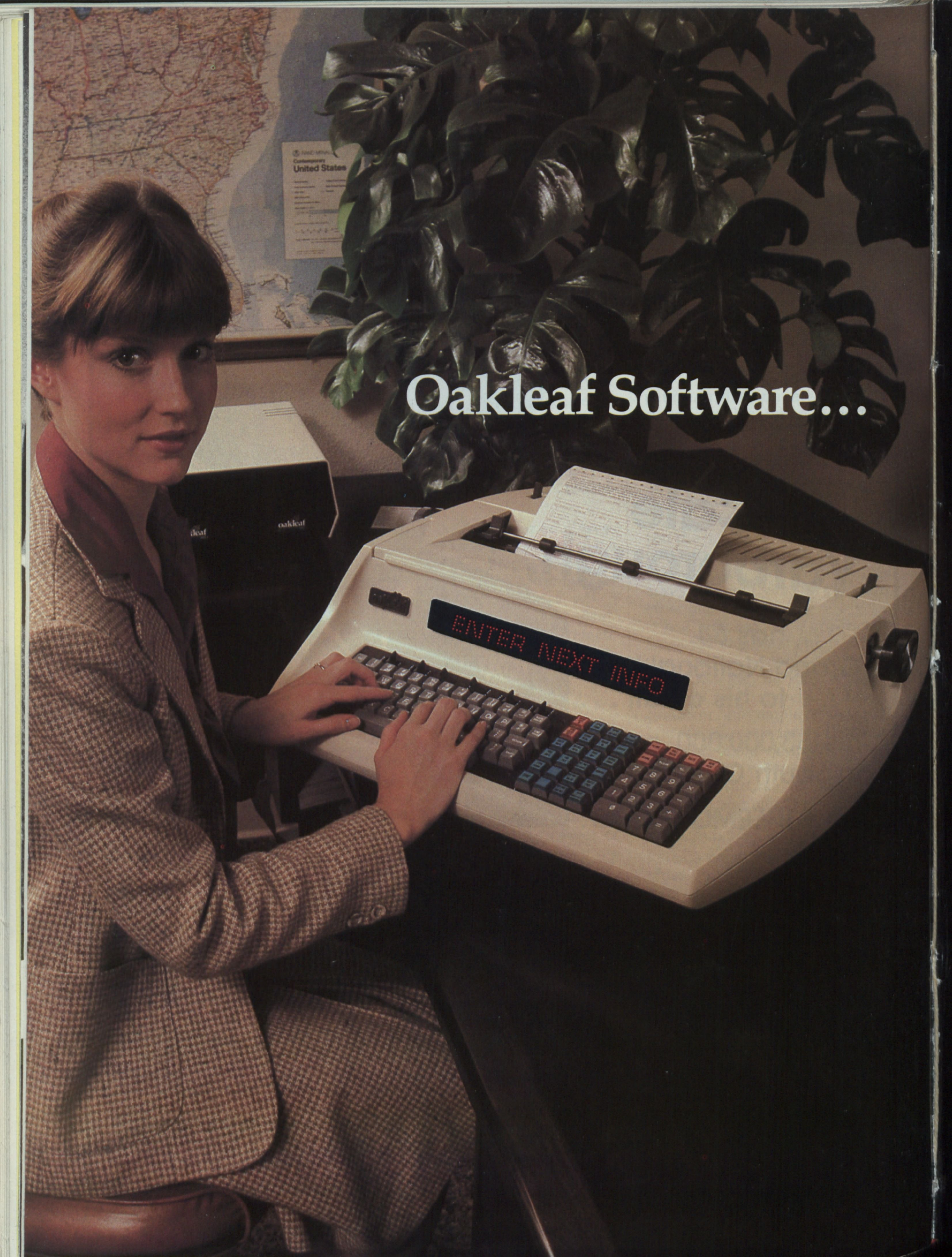
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A woman with short brown hair and bangs, wearing a brown and white checkered blazer, is seated at a desk. She is looking towards the camera while her hands are on the keyboard of a large, beige, vintage computer terminal. The terminal has a small screen displaying the text "ENTER NEXT INFO" in red. A document is held in the terminal's paper support. In the background, there is a large green plant and a map of the United States on the wall. A small sign on the wall reads "Oakleaf Software Contemporary United States".

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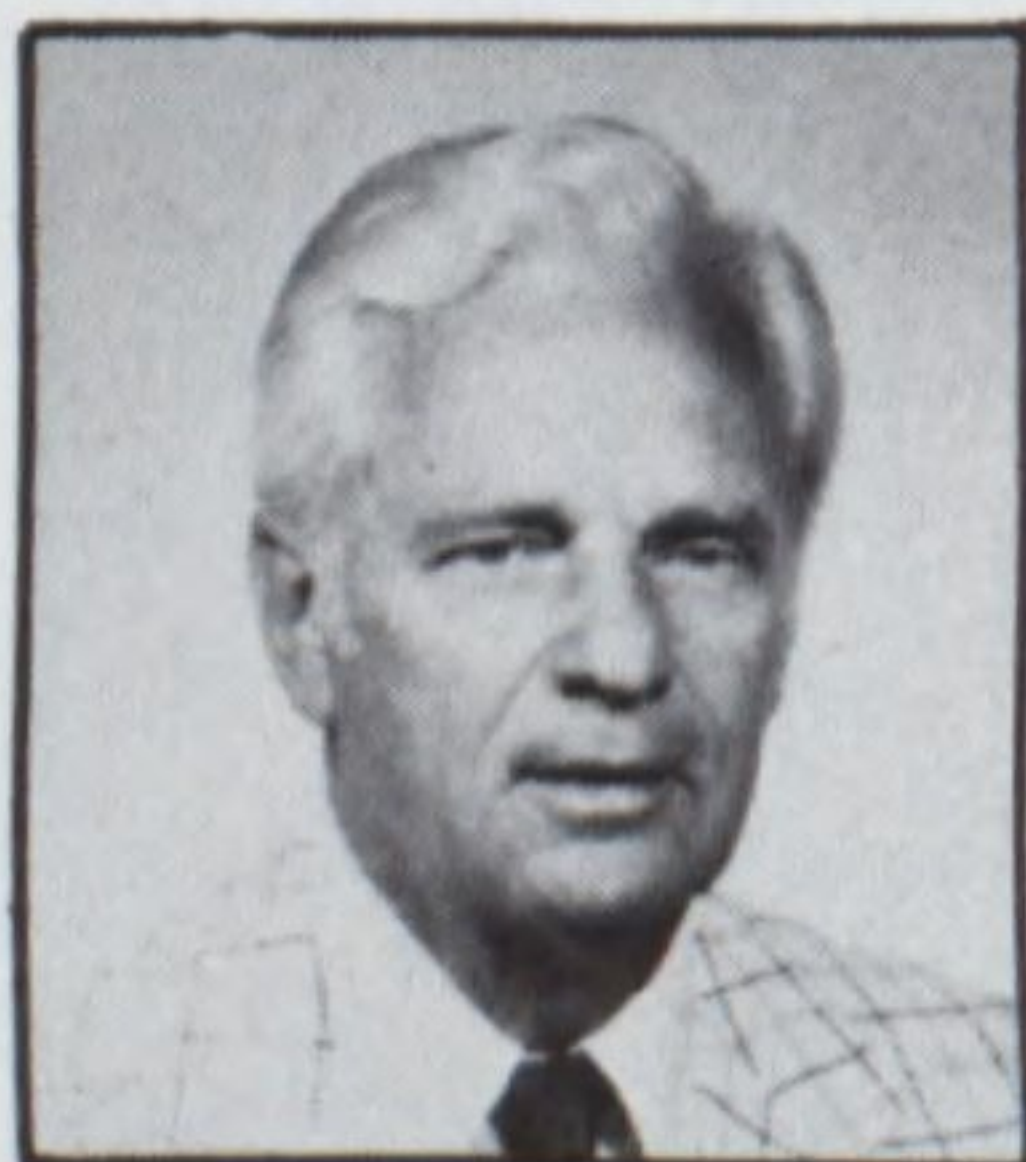
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AUCTION BLOCK

Æ Car Market Price Trends

| | AUCTION | | | | WHOLESALE | | | | RETAIL | | | |
|----------|---------|----------|-------|------|-----------|----------|-------|------|--------|----------|-------|------|
| | West | Mid West | South | East | West | Mid West | South | East | West | Mid West | South | East |
| Mar 1980 | 2630 | 3263 | 3035 | 2392 | 2590 | 3051 | 2829 | 2261 | 4877 | 3838 | 4455 | 4294 |
| Feb 1981 | 3047 | 3296 | 3413 | 2728 | 2673 | 3138 | 3461 | 2395 | 6009 | 4323 | 5093 | 4766 |
| Mar 1981 | 2892 | 3837 | 3939 | 2997 | 2727 | 2734 | 2970 | 2297 | 5713 | 4562 | 5033 | 4992 |



George Basel

A look at the long history of property disposal by the public, competitive procedure known as the "auction" shows that the advantages of this method of realizing a fair price have been known from very early times. First introduced to North America by the early colonists, the auction was a particularly effective method for the disposal of goods brought by the supply ships from England and Holland. The earliest auction in America was established in New Amsterdam (New York) in 1662. From there the practice spread south and west to include a wide array of merchandise. The honorary title of "Colonel" is still accorded to auctioneers and dates from the Civil War when contraband was sold at auction by an Army officer of at least the rank of Colonel.

One of the more important facets of the auction industry, one that frequently goes without mention, is the auctioneer. Without him, who would conduct the actual selling of the merchandise? At auto auctions throughout the week, management works to entice not only the sellers to bring their cars to the sale, but also the buyers to look and make their bids. Organizationally everything is geared for the orderly processing of paperwork identification, inspection, marking, parking and finally the proper marriage at the auction block of the car to the paperwork. When the auctioneer raps his gavel for the start of the sale, it represents the culmination of all that effort. He is the final link in a chain that determines whether the cars will be sold.

A number of schools have been established throughout the country to train the aspiring student in the technique of auctioneering. One of these schools, the Mendenhall School of Auctioneering, is owned and operated by Forrest Mendenhall of High

Point, North Carolina. In 1946, Forrest and his brother, Robert—both professional auctioneers—conducted regular weekly automobile auction sales in the mid-Atlantic states. Then, in 1960, because of an obvious shortage of auto auctioneers, they decided to train two students. They began receiving requests for training from other interested parties, so they formally established the Mendenhall School of Auctioneering in 1962. In 1975, a new 10,000 square-foot facility was constructed to function exactly as a normal auto auction would. Classes are conducted four times a year in February, May, August and November. The school can accommodate approximately 70 students per class and has a faculty of 15. In the past five to seven years, Forrest says, "there has been a noticeable shift in the variety and type of people interested in becoming involved in the auction profession. At one time, many of those who were interested in auctioneering were 'country boys'—people raised on the farm who later decided they wanted to do something else; for them, auctioneering was a logical first step. The type of individuals enrolling continues to improve, and also, about 10 percent now are women. These days, all are high school graduates, many have at least two years of college, and well over 25 percent are college graduates."

Each class lasts two weeks for 110 hours of class work. The classes cover all areas of auctioneering, including public speaking, voice, self-confidence, salesmanship and the various types of sales: e.g., automobile auctions, antique sales, machinery, real estate and estate sales, etc.

Many states have adopted rigid auctioneer licensing laws. In some states, the new auctioneer has to take an exam and may have to serve an apprenticeship of six months to a year. The Mendenhall School of Auctioneering is approved by all states that have a licensing law and is approved for veteran training.

Æ

Auction Block is prepared exclusively for automotive executive by George Basel of the NADA Official Used Car Guide. All comments or questions pertaining to these columns should be mailed to: George Basel, automotive executive magazine, 8400 Westpark Dr., McLean, VA 22102.

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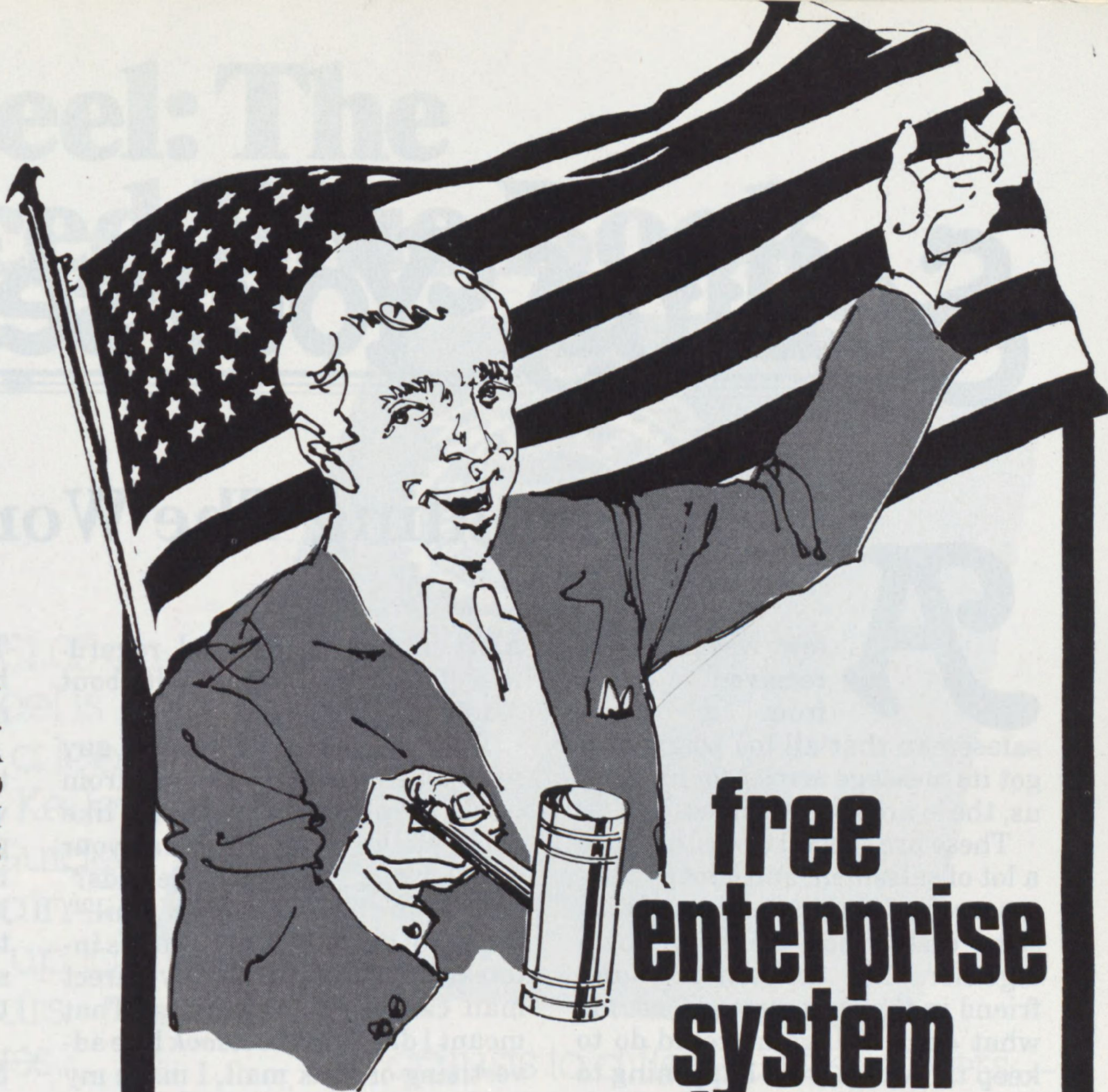
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Joe Girard

Selling Yourself

Avoiding The Worst

A few weeks ago, I received a letter from a young salesman that all too poignantly got its message across: for many of us, these are special times.

These are special times, because a lot of salesmen, and a lot of dealers, are not making any money. In some cases, they are going down together. My concerned young friend in the west wrote to ask me what extra things he could do to keep the worst from happening to him, and to the owner of his business.

I told him, and I'm telling you, "There are several things you can do." You can buy my first book, *How To Sell Anything To Anybody*, and you can do a couple of other things that won't line my pockets, but will tend to fill out yours.

As a salesman, you can take the initiative to start your own direct mail program—rather than the canned stuff some dealers use. And, you can make intelligent use of bird dogs. The key word here is *intelligent*, because everybody uses bird dogs one way or another. Using them with all your smarts is what makes the difference.

One of the basic rules of automobile selling, as I've often said, is to send out direct mail on a regular basis. But now I want to add the words, "get it read." People get mail weighing tons yearly; it breaks the postman's back. Most of it gets tossed in file 13.

Long ago, though, I decided to

make sure mine got read, regardless of how the recipient felt about "junk mail."

What are the first words a guy says when he comes home from work? Probably something like this: "Hello, honey, how was your day?" Then, "How are the kids?" And, then, "Was there any mail?"

People *like* to get mail—if it's interesting. So, I made my direct mail campaign interesting. That meant I didn't make it *look* like advertising or junk mail. I made my mailings very personal—only 12 a year, once a month.

Every one of my mailing pieces were in an envelope of a different color and shape. A person receiving one didn't know *what* was inside. I never put the name of my business on the envelope. In other words, like in a game of poker, I didn't show my hand. If you can intrigue the addressee that way, you can bet your mail gets open and read. Also, I never conned anyone with a mailing piece. Only soft sell—the kind that opens doors and invites people into the showroom, but stops far short of dragging them in.

In January, my prospects and customers got a message that said, "Happy New Year, Joe Girard (and the name of my dealership)." That's all the sell they got. In February, it was "Happy Valentine's Day;" in March, it was "Have a great St. Patrick's Day."

Get the idea? Always a personal message, the kind that, after a few months, began to pay dividends.

The old man would come home and his wife would say, "We got another message from Joe Girard."

My name and dealership got in that home twelve times a year. It wasn't long before those letters began pulling those families right into the showroom—the traffic just kept building. When it came time to buy a car, I was the one person in that household they thought of.

I followed two cardinal rules: Never have my mailing come at a time when a family normally received their monthly bills, and, always send mail first class. If you send it third class and treat it like junk mail, it will be received like junk mail.

I remembered birthdays, anniversaries, special events. Direct mail proved to be one of the most effective ways I could help my dealer build traffic. At first he was skeptical—about my doing it on my own—but he soon came around.

And look at it this way if you're thinking about costs: Only lazy salesmen try to get out of the time and effort involved by saying, "It won't work." Take it from Joe Girard, it *does* work. And you can't lose.

Consider this: The dealer pays for the envelope and stamp. You pay for the inside piece—you can find good cards at almost any greeting card shop—but Uncle Sam—at tax time—pays half of your half. That's a great bargain.

continued on page 40

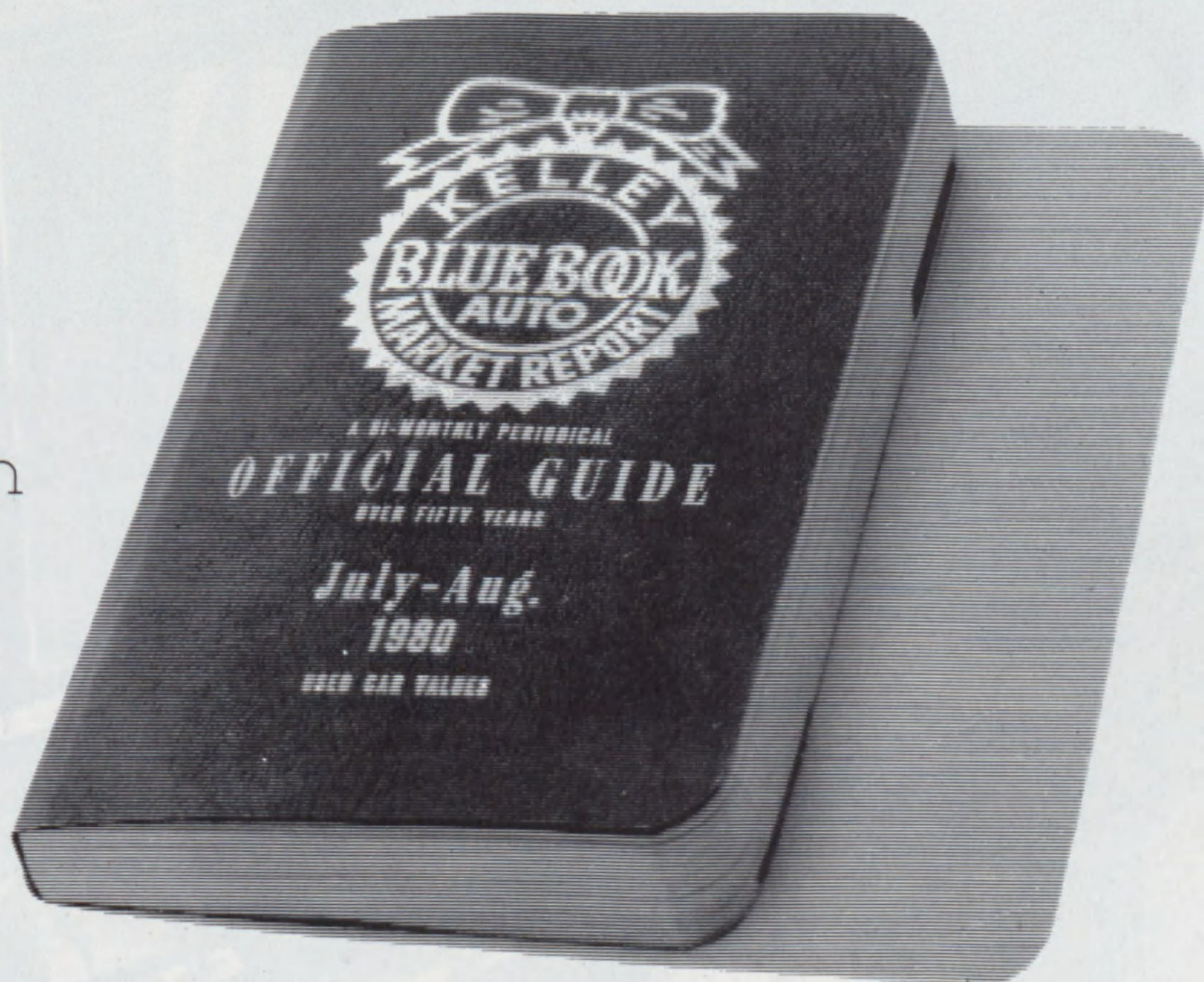
These columns are prepared by Joe Girard, named the world's greatest salesman 12 times by the Guinness Book of World Records, and syndicated through Allied Press International. If YOU have a question, if you need advice on selling yourself, write to Joe, P.O. Box 358, East Detroit, MI, 48021.

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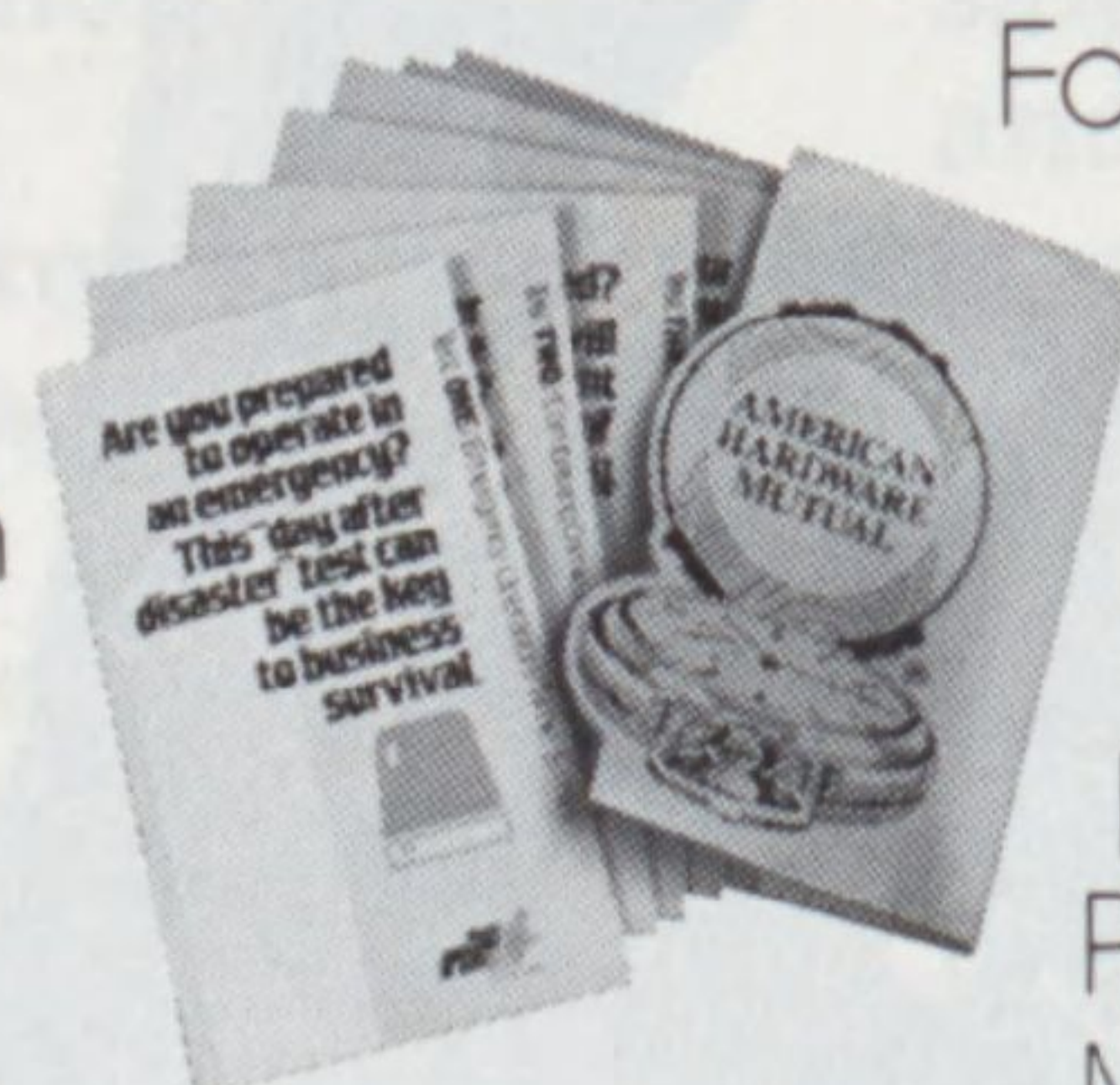
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EXECUTIVE HEALTH~ WAYS TO KEEP FIT

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**an
interview
with
Dr. Ronald E. Costin,
executive
health expert**

As the duties of executives become more numerous and more demanding, subjecting them to growing tension and stress, concern is growing as to whether threats to good health and longevity are on the rise among these managers.

What are the illnesses and health problems most common to male executives who work in stressful jobs? Is the picture much the same for women executives in these same occupations?

Is the use of alcohol and drugs as tension-relievers increasing

among white-collar workers?

What is the role of preventive medicine in today's broad health-care picture?

For answers to these and similar questions, we turned to an expert on the medical profiles of men and women who work at the executive and managerial levels.

Dr. Ronald E. Costin is medical director for eastern operations, in New York City, of the Life Extension Institute. The institute gives thousands of medical examinations annually to executives in all areas of business, industry, and

the professions.

The institute was established in 1913 and today is one of the country's oldest and largest health care organizations specializing in preventive medicine. It became a division of Control Data Corp. in 1978 and is just now launching, on a nationwide basis, an innovative health assessment and individual health management program called "Stay Well."

The aim of this employee benefit program is to help executives and rank-and-file workers improve their personal health and, ulti-

mately, to stabilize health care costs, which have been skyrocketing in recent years.

Dr. Costin, 47, received his M.D. degree from the University of Texas, and a Master of Public Health degree from the Harvard School of Public Health. Before joining the Life Extension Institute, he taught at the University of Colorado medical school and for 20 years was in the U.S. Air Force, capping that period of service as chief of the Aerospace Medicine Division of Tactical Air Command at Langley Air Force Base. He has written and lectured widely on the nation's medical care crisis.

Dr. Costin, are health pressures on the typical executive becoming more severe?

I don't think we are seeing any tremendous increase in the magnitude of these pressures, but there certainly is a change in the pattern of health problems in this group. High blood pressure—hypertension—and heart disease particularly are increasing among executives. These are conditions that, to a great degree, are considered stress-related.

Does the pattern differ between men and women who have pressure-ridden executive jobs?

No. As a matter of fact, the gap between the sexes in terms of health problems has tended to be narrower in recent years. We are seeing more evidence of hypertension and heart disease in women at younger ages than was the case in the past. Many authorities feel that this may be related to the increased participation of women in the business world, where they are subjected to job stress and tension.

Women, for example, are rapidly approaching men in incidence of cancer of the lungs. That probably relates to the fact that men are decreasing their smoking at a faster rate than women. Whether excessive smoking is related to stress is still an open question.

Is there evidence that men are cutting down on smoking more than women are?

Absolutely. In fact, until about three years ago, smoking among women was still on the rise, whereas it had already begun to decline among males.

What other broad health patterns do you observe among executives?

Interestingly, we are seeing fewer of what used to be considered stress-related disorders. For example, fewer executives have peptic ulcers than was the case a few years ago. That reflects a pattern among people generally, not just among top executives. Ulcers no longer are the disease of the upper-echelon—executives and managers. They now occur most frequently among foremen and lower-level supervisory employees. Hence the saying, "The boss doesn't get ulcers, he gives them."

Also, we're seeing more ulcers among young people. Even among adolescents, it's a significant trend.

Is that related to diet or to a more stress-related way of life?

That's hard to assess. We know that peptic ulcer disease is stress-related, but we don't think it's necessarily brought on by stress. But certainly a person with a propensity for ulcer disease can have it aggravated severely by stress. And ulcers also are aggravated by smoking.

Do executives, both men and women, do a pretty good job of surmounting the stress they encounter in their day-to-day work?

On the whole, yes. For one thing, these people tend to have above-average health compared with the population in general. For another, they seem to cope well with their stresses.

Stress, of course, is a nebulous thing to try to define. What is stressful for one individual is not stressful for another. Generally, individuals don't move to a top job if they have found the work too stressful. They change jobs or move to something different.

Top management people handle stress pretty well for three reasons:

1. Because of survival of the fittest; these executives are good copers or they wouldn't have competed and moved up the ladder in the first place.

2. They are generally people of intelligence, education, and financial means. They have known how to get good medical care and support and have edged out the less healthy in the competitive process.

3. They are in a good position in the occupational structure. Generally, they have the means and the

time for hobbies and avocations. They can get exercise to release a certain amount of tension.

Are there other things an executive should keep in mind when the talk turns to stress?

Yes. There's a tendency to look on stress as something outside of ourselves over which we have no control. That's not usually the case. In fact, stress is generated within us. The environment creates a situation that we interpret as stressful.

There are positive ways everyone can improve the ability to cope with stress. Certainly you can cope with it better if you're healthy, if you don't already have something that's dragging you down. And you can deliberately take actions to help you cope. For example, you can sit down once a year and make a self-inventory, asking: "What am I doing, what are my goals? Are those goals realistic? Do they need to be read-dressed? How am I relating to my family and my associates? What do my colleagues think of me? Why do they hold those opinions? What things in life do I find the most unpleasant—and what things give me the most satisfaction?"

Once you've answered these questions, you can lay out a new plan for the year ahead, updating your goals, getting rid of activities and habits that are holding you back. Make sure that you are giving of yourself and your abilities to others. In giving, one gives away, and you are automatically giving away some of your own stress when you give of yourself to others.

Develop an avocation. Do something different; try out new hobbies. This can have a practical side in addition to relieving stress. If you are approaching retirement and can move into something you really enjoy doing, you're going to be way ahead of the game.

Do some executives tend to worry too much about their health?

I see no broad trend in that direction. But it's true that an individual can get so concerned about his or her health that it affects job performance. Hypochondriacal people are not very effective. What I do sense among the managers to whom we give examinations and counsel is an increasingly healthy

interest in health.

For example, these people show a great deal of interest in their cholesterol level, in the kind of cholesterol they have, and in what some regular form of exercise can do to keep them in condition.

Is excessive drinking causing more problems among executives than was the case 10 or 15 years ago?

In my opinion, no—though I don't have any real evidence to support that. Drinking always has been a significant problem for certain people whose tolerance for alcohol is slight.

A Life Extension Institute survey a few years ago showed that more of today's executives regularly have a drink at lunch time than was true a decade or so earlier. However, that survey did not indicate any direct link between excessive tension and drinking; those who drink a lot tend to blame tension and pressure, but that often appears to be a rationalization, not a cause.

What is your advice to someone who asks how much alcohol it's safe to drink in the course of a day without running into a health hazard?

A figure that's frequently mentioned is four ounces of alcohol a day, and I think that's reasonable. Certainly, I'm not recommending abstinence. In fact, there's some fairly good medical evidence that minimal amounts of alcohol a day may even be a protection against heart disease. There appear to be other positive benefits from a drink before dinner in the evening, in terms of relaxation.

However, I wouldn't use either of these indications as a reason to suggest that everyone who doesn't drink now should start drinking.

What about the noonday drink, before lunch?

I'm violently opposed to that as a good health practice, for a couple of reasons. One is the habit pattern that it can establish. The second is that it interferes with productivity in the afternoon. You can't rationalize that away. The person who drinks at noon is not going to do as good a job the rest of the workday.

There has been some theorizing that those executives who do more convivial drinking and more ex-

tensive traveling than others are subject to greater-than-normal health hazards.

That's a possibility, but I think the risks are overdrawn. In a way, letting oneself be subjected to too much drinking, for instance, is a copout. Our business community is sufficiently sophisticated that an individual isn't required to have a noontime martini. In fact, it has become almost the "in" thing to have mineral water with a twist of lime.

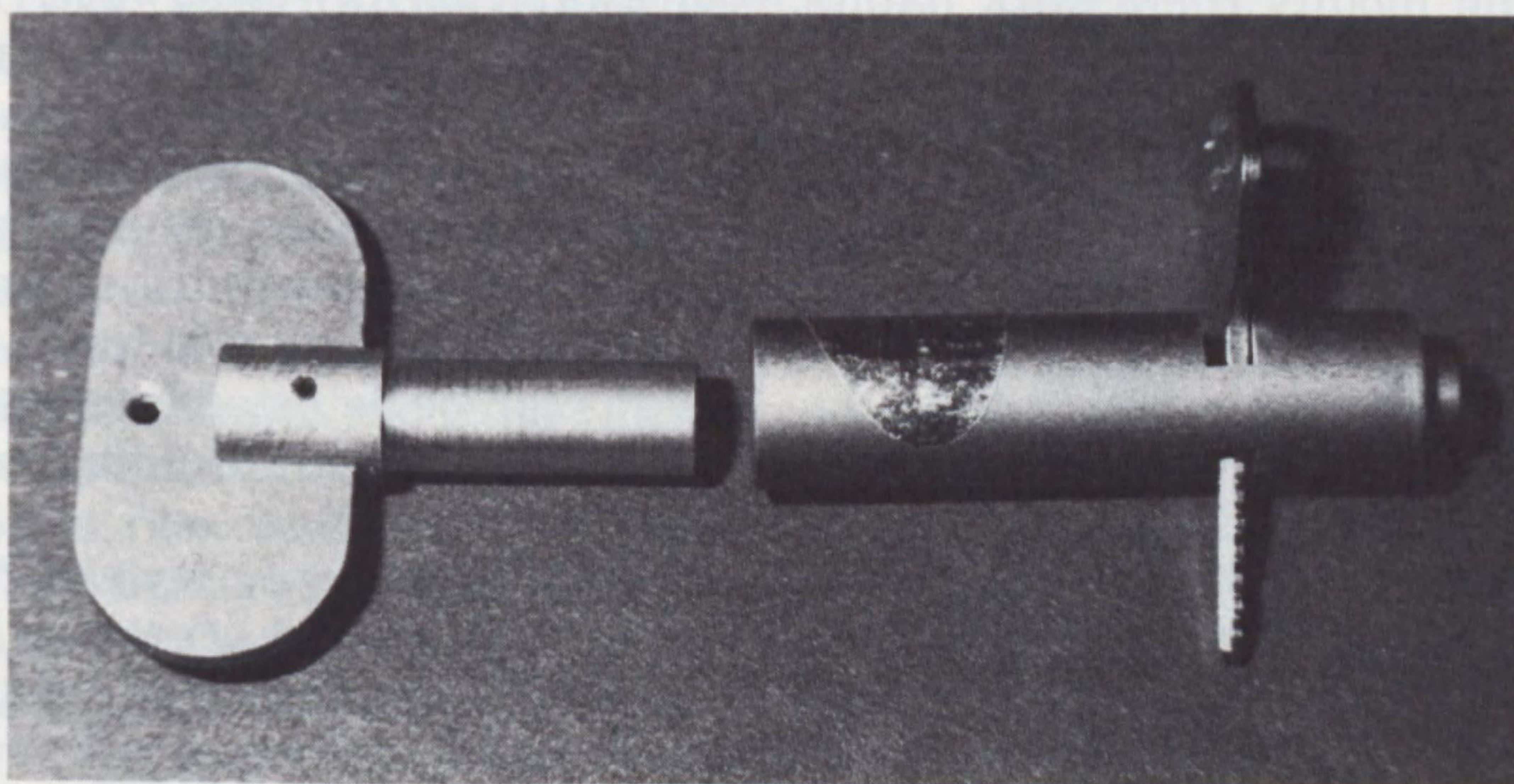
Oftentimes, we tend to blame society or our social environment for something that we're doing because we really want to do it. We've gotten in the habit. And that is a rationalization.

Now, *travel* as a health problem may be a bit different. I know that I don't particularly enjoy business travel. I don't sleep well when I'm away from home. However, I suspect that, in general, this has only a temporary impact on health and vigor and alertness. When the individual gets back home, he or she probably makes a fast recovery. If one is traveling all the time, of course, and has a high level of stress, there could be a long-term health impact.

Do you see any signs that use of drugs is on the rise among the executives you examine?

No. Drug use certainly exists among white-collar people but not to the degree that characterizes

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the population in general. I can't imagine that a habitual user of drugs would either get to the top in an organization or stay there very long.

Lately, the word "workaholic" has come into widespread use to describe people who are compulsive workers. Is it necessarily bad to be so absorbed by your job that the term "workaholic" can apply to you?

I don't think so. It goes back to the question of stress. If work is the thing an individual gets most enjoyment out of, and if one's job doesn't cause undue stress, then I don't see any problem.

The big difficulty with workaholics comes not in terms of impact on their own health but in the impact on relationships with their spouses and children. These social implications are significant, and some obsessive workers probably should modify their work habits. But I see no negative health effects from workaholism.

Consider the opposite extreme. Suppose a person doesn't have to work hard at a job and often gets bored. Can that show up in one's health pattern?

Yes. To as great a degree as overwork, boredom can produce chronic anxiety and depression. Both can have significant effects on a person's social activity and production on the job.

What about the person whose job is so undemanding that he's concerned about not accomplishing enough to earn his pay?

The problem in that case is that boredom would affect the individual's self-image—something that in itself can cause depression.

When you look at industry as a whole, considering blue-collar and white-collar workers alike, probably the number one emotional problem at the moment is depression. And it is particularly significant in terms of impact on job performance, because it is the single problem that supervisors and fellow workers are the least adept at identifying. Further, they are not at all adept at suggesting that the sufferer get help.

Whether depression stems from boredom, from striving to get ahead, from economic difficulties, or from any other cause, it certainly is on the rise.

Are there drugs or other methods

of treatment for counteracting depression once it has been spotted and diagnosed?

Yes, very effective treatments, including counseling and support. Very often, drugs aren't needed. One of the sad things about depression is that it's a treatable disorder but very difficult to identify—even by the person who is suffering from it.

Can depression be detected in an annual physical checkup?

Yes, if the symptoms are overt and if the examiner is sensitive to them. There are telltale signs. The individual who is sleepy all the time, who never wants to get out of bed or, conversely, whose sleep pattern is interrupted and who can't sleep well may be a victim of depression.

Loss of vim and vigor and fatigue are often the first signs of depression. Basically, it's a withdrawal from day-to-day activity, a return to basic, inherent animal instincts. If you're asleep, you don't have to think about anything, you don't have to worry. So the depressed, withdrawn person wants to sleep all the time. Such signs can be detected by an astute observer at the time of the annual medical exam.

What do you recommend to executives in the way of exercise? Is it important that everyone engage in some regular physical activity?

Yes. Physicians have always felt this is true, but now we are getting good data to support that view.

It's important, however, that, before an individual undertakes anything in the way of a rigorous exercise program, he be certain that he has reviewed his health status and listened to his physician's recommendations. I don't believe that an exercise program has to be rigorous to be effective. It just needs to be regular and routine. We have recent evidence from a couple of studies, for instance, that simply walking about 15 miles a week at any speed is a very effective exercise program.

Walking 15 miles a week or climbing 15 flights of stairs a day can be a very sound ritual that can provide tangible health benefits.

What about jogging?

The executive who has not been a jogger should not start that activity without clearance from a

physician. Personally, I'm not into jogging because the old bones and tendons and joints just aren't ready for it.

Are there exercises that a busy executive can do at the office?

Lately, there has been a good deal of publicity about so-called isometric exercises that involve muscular stretching and so on. But we, here, don't feel that these exercises have much value in terms of cardiovascular fitness or improving functions of the heart and lungs. Improved muscle tone and keeping down a flabby waistline are benefits of isometrics, but there are few long-term health benefits.

Exercises an executive can do at the office include running in place or jumping rope. The latter activity exercises the arms and shoulders—you can't jump rope without using every muscle in your body. Of course, the people in the office below you might not be enthusiastic about your jumping.

Why not, instead of exercising in the office, take 15 minutes and go out for a brisk walk? Why not walk from train station to office or walk from one end of the parking lot to the grocery store instead of parking right in front?

Are employers generally taking a greater interest in the health of people who work for them?

Yes, that's clearly the case—not only in providing health and medical insurance but in preventive medicine—trying to keep people from getting sick.

For years, companies have made available to executives, and often to other workers, annual medical examinations—a sort of early-warning system for detecting disease. Now we're going a step beyond that, in our examinations, zeroing in on people who don't have disease but who have high risk on the basis of their lifestyles, such as their smoking, their drinking, their diet, the amount of sleep they get, their exercise pattern—even whether or not they wear seatbelts when driving their cars.

Trying to approach these risk factors early on and keeping them from ever causing disease or injury is what we call "primary prevention." Our whole examination program nowadays is keyed heavily toward looking at these indica-

tors and trying to motivate changes in lifestyles that will either prevent the individual from getting a particular disease or at least delay its onset.

Are you optimistic about the possibilities of improving executive health through preventive medicine?

Yes, indeed. Looking back 50 years, we find that the big killers were from agents outside the body, the bacteria. Medicine has largely solved those diseases. In 1900, the leading causes of death were influenza, pneumonia, diphtheria, tuberculosis, and gastrointestinal infections. In that year, 580 of every 100,000 Americans died from those diseases. Today, barely 50 people per 100,000 die each year from them.

What's even more significant and astounding is that in many cases—smallpox is a good example—no effective treatment has yet been found. Nonetheless, this disease has practically disappeared from the face of the earth through purely preventive means. Today's medical student likely will complete a career without seeing a single case of formerly dreaded diseases such as smallpox, plague, tetanus, malaria, and possibly even measles.

With the steady decline in infectious diseases, though, we've seen a parallel steady rise in disability and death from the chronic diseases. These develop insidiously, attacking and destroying from within. It's estimated that about 46 percent of Americans over age 45 have a chronic disease. These include cardiovascular diseases leading to heart attack and stroke, cancer, diabetes, and arthritis, among others.

All of these diseases can be significantly reduced through early detection and treatment. I think we are on the threshold of a revolution in preventive medicine. Certainly we know that individuals themselves, on their own, can take simple measures that can stave off many chronic disorders and reduce their debilitating effects.

★ ★ ★

What Can Be Done About Employee Health

As an executive, it's in your self-

ish interest to be concerned about the health of those who work under your direction.

Healthy employees not only are more productive and more well-adjusted in their jobs, they can be a positive asset in holding down costs of medical and health insurance and time lost because of illness.

Here are some suggestions from the Life Extension Institute for dealing with the broad issue of

worker health. They are based on three premises: that society cannot afford the increasing expense of today's health care system; that the pathway to better health at an affordable cost is to try to prevent illness rather than treat it once it has developed; and that the chief initiative for affordable health care should come from business, not from government.

1. Make sure that every employee is in good health when

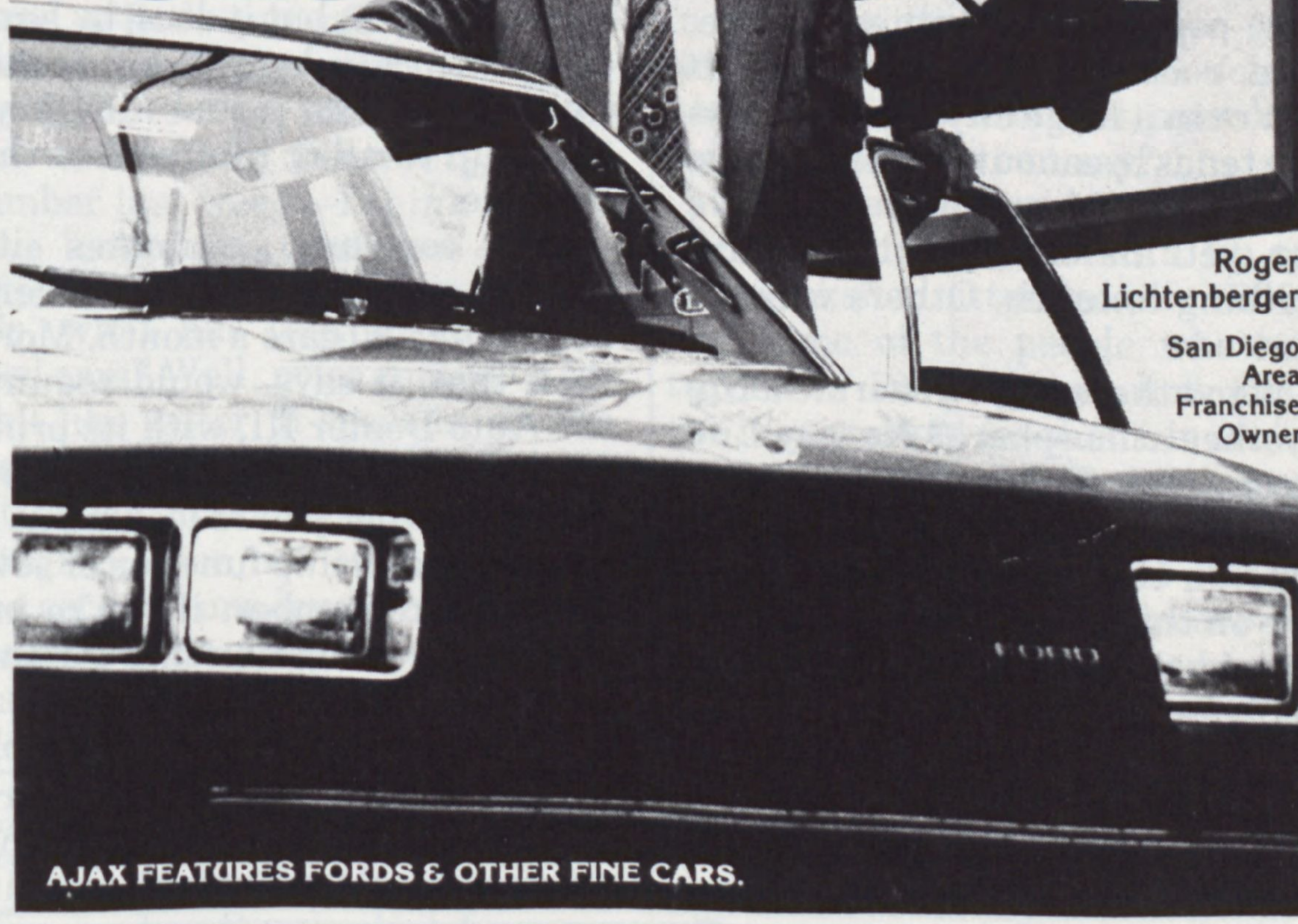
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**"I'm
Number
One"**



Roger Lichtenberger
San Diego Area Franchise Owner

AJAX FEATURES FORDS & OTHER FINE CARS.

hired. Because of the generous benefits many private organizations now offer, there's sometimes a temptation for people to pick jobs just to qualify for medical treatment.

2. In addition to a pre-employment health exam, provide or encourage regular checkups. A survey shows that only 14 percent of people at the managerial level will pay for a health examination for themselves, but 88 percent will take advantage of it if the employer provides it.

3. Maximize the health feature of annual examinations. Most people think of a physical checkup as mainly important to detect disease and abnormalities. This is important for detecting cancer, diabetes, and other insidious ailments, but there is even greater merit to examinations—health education.

If the examining physician will talk over the employee's health habits, he can correct any that may need changing—perhaps by showing the signs of excessive drinking, for example. This is the time when an organization can take corrective measures without being intrusive. You, as an employer, can't mention health problems that may need attention. The doctor can.

4. Provide an atmosphere of health-consciousness. Encourage balanced meals. Rule out drinking at lunch time. Offer recreational equipment. Many employees are tempted to have a noontime drink as a form of recreation. They would be just as happy to have a ping-pong table, billiard table, card room, or reading room. If you're in a large city where everyone tends to eat out at restaurants, the president or chief executive can set an example by always walking to lunch. Others will follow.

Won't these steps generate a Big Brother atmosphere? No, say Life Extension officials. An employee spends only 20 percent of his or her time on the job—and dependents live on this 20 percent effort. If an individual feels an obligation to improve his knowledge of the job—even if it means outside reading or special courses—then that person should feel an equally strong obligation to be a maximum health efficiency. **Æ**

COMPUTERS from page 19

computer would then, after hours, dial the micro computer, pull the information from the last update, and process it. Then the master tape would be run in order to update all the information on that tape, and the requested reports would be sent back down to the dealer, to his processor.

Distributive data processing seems to be a good system for the smaller dealer, because it offers a fair amount of sophisticated advantages, for not a lot of money.

For instance, if the dealer's manufacturer has set up a manufacturer/dealer communications system, the dealer can use the terminal he has in his dealership to communicate stock orders or whatever to the manufacturer, and verifications or clarifications can be communicated back to the dealer via the same lines.

If a dealer wants a computer that will handle just a specialized function, such as F&I, there are companies ready to fill that bill, too. Perhaps two of the more familiar names in the F&I computer field are Oakleaf and Monroe.

Oakleaf has recently come out with the MP-16, a rather sophisticated \$10,900 piece of F&I hardware that also has, the company says, accounting and parts inventory and dealer communications capability.

Monroe has a system that sells for about \$8,400, the Auto Dealer III, and a desk-top model, the 2880, that goes for about \$1,500.

The 2880 is a cartridge-type machine. It does not issue a finished-form print-out, but it does, by handling the calculations automatically, save time, insure accuracy, and help to allay the fears of the customer.

The company estimates its simpler system is good for dealers doing up to 40 cars a month. More than that, it says, would require the Auto Dealer III, with its printer and programmable calculator.

But whether you're looking at a specific dealership function or several, just remember: if you're interested in computerizing for the first time, or in switching to a more sophisticated system, look the industry over carefully. There are many companies, besides the ones we've already mentioned in some detail, in the business.

Dyatron, for instance, with its CARSWAY in-house and its alternative systems, has been serving the auto industry for some time (it was until recently known as C.A.R.S., Inc.), and M.C.S. and Auto Tell, to name just two others, provide services that have brought a number of dealers to their corners as well.

Keep in mind that *some* software houses can put together a system for a dealer that's designed to work just in that dealership, by writing a specialized program and matching it with a piece of hardware that perhaps is not normally found in the dealer market. But also keep in mind there can be some advantages and some risks in taking such a route. Once again, proven performance on the part of the vendor is important.

To help you in your search for the system that best fits *your* needs, both today and in the future, we're including below a list of *some* of those companies that are after the auto and truck dealer market. Unless indicated, the companies offer a variety of systems.

In the interest of time and space, the list is *not* all inclusive, and although we think it is fairly representative, it might be a good idea to ask some of your neighboring dealers to identify the companies with whom *they* have been dealing. Their experiences may be the best recommendation you can find.

One more word: Don't expect all apparently parallel systems to *necessarily* have completely parallel features. The differences that could exist between two particular on-line systems, for instance, could be quite startling.

Computer companies in the market:

ADP (Dealer Services Div.), Portland, Oregon.

Auto Tell Services, Inc., Villanova, Pa.

Balance Computer Corp. (service order scheduling computers), Baltimore, Md.

Display Data Corp., Baltimore, Md.

Dyatron Corp., Birmingham, Ala.

I.M.S. Computer Systems (service dispatching systems), San Bernadino, Calif.

Continued on page 46

USED CARS



For an opener, I'd like to offer an explanation to those of you who attended the Used Car Workshop at the NADA Convention this February past in Los Angeles—one of the *Monday* sessions. One of the panelists was an old friend, Denny Kuhn. I believe Denny is possibly the most knowledgeable used car man in the industry, and what I did to a friend, one should not do to his worst enemy. Denny has a presentation that takes time, and it also relies, to a great degree, upon a blackboard display. I have seen him do it often, and I learn a bit more each time.

Prior to the convention, Denny mailed me a large packet of notes and asked me to edit them. I did, and I reduced his 30-some pages to a number I felt he could handle in the limited time he would be given during the workshop. The time was limited; our sessions ran just an hour and a quarter, and included two panelists' presentations and a question-and-answer period. To further complicate matters, the facility left something to be desired . . . we couldn't use a mike, and a light glared directly into the speaker's eyes. Denny tried to mead my interpretation of his thoughts, but the result sounded like neither of us. We were just fortunate that our other speaker, K. Vinje Dahl of Davenport, Iowa, was able to carry us through.

We did, though, have one period on Tuesday; we put a chalkboard on the podium, we threw away the "speech," we killed the glaring light, and we let Denny do his thing. As a result, those of you who were fortunate enough to attend the Tuesday workshop saw a virtuoso performance, and there was

no way you could *not* have gained from it. Nevertheless, my sincere apologies to the Monday participants. The road to hell is paved with good intentions, as they say, and a fair share of them are mine.

We have, in a previous issue, (February '81 AE) talked about the various factory incentives for new car sales, and wondered as to their effect on used car values. Possibly by the time you read this, the *current* rash of "rebates" will be ended. But I buy cars like anyone else, and I like to save a buck as does the next man. I have no brand loyalty, so the programs introduced in mid-February sounded great as I heard them on the late news . . . until I listened carefully. The cars I was interested in were *not* included in the programs of two manufacturers. When I came to work the following morning, the terms of the rebates were under full discussion and it was clear we were back to the language of Humpty Dumpty: "A word means what I choose it to mean!" I would guess I am somewhat more aware of automotive merchandising ploys than is the common man, and I would say that I was a little put off. But had I rushed to a dealer seeking to *get* my XXX dollar rebate—having just worked him to a pretty firm number last week—I think I may have looked a bit askance at his ethics.

So, what has that to do with used cars? Well, price confusion is a bit like water. It spreads, seeps, oozes and seeks a lower level. Any act which impugns a merchant's integrity does not stop with the one act or at one level but tends to permeate the entire spectrum of his services. Automobile mer-

chandising is in a confused state in the best of times, and these are most certainly not the best of times. This column will appear somewhat after the fact, with respect to the rebates, and I could prove to be dead wrong in retrospect . . . but I think used car sales may *benefit*.

The purchaser of a used car *knows* he is going to enter into a bargaining environment, and the only price he has to work against is the price asked by the seller. He is not confused by *third party* offers, and he will not run the risk of being enraged by the efforts of the seller to explain to him precisely what the third party really meant. He does not have to know the discount does or does not apply to everything on the sticker and he does not have to come to market with a list of those cars which are covered by the offer and those which are not. I buy clothing in a mens' store which places a visible, but somewhat discreet, red tag on those suits which are on sale, and I daresay a dealer could do that.

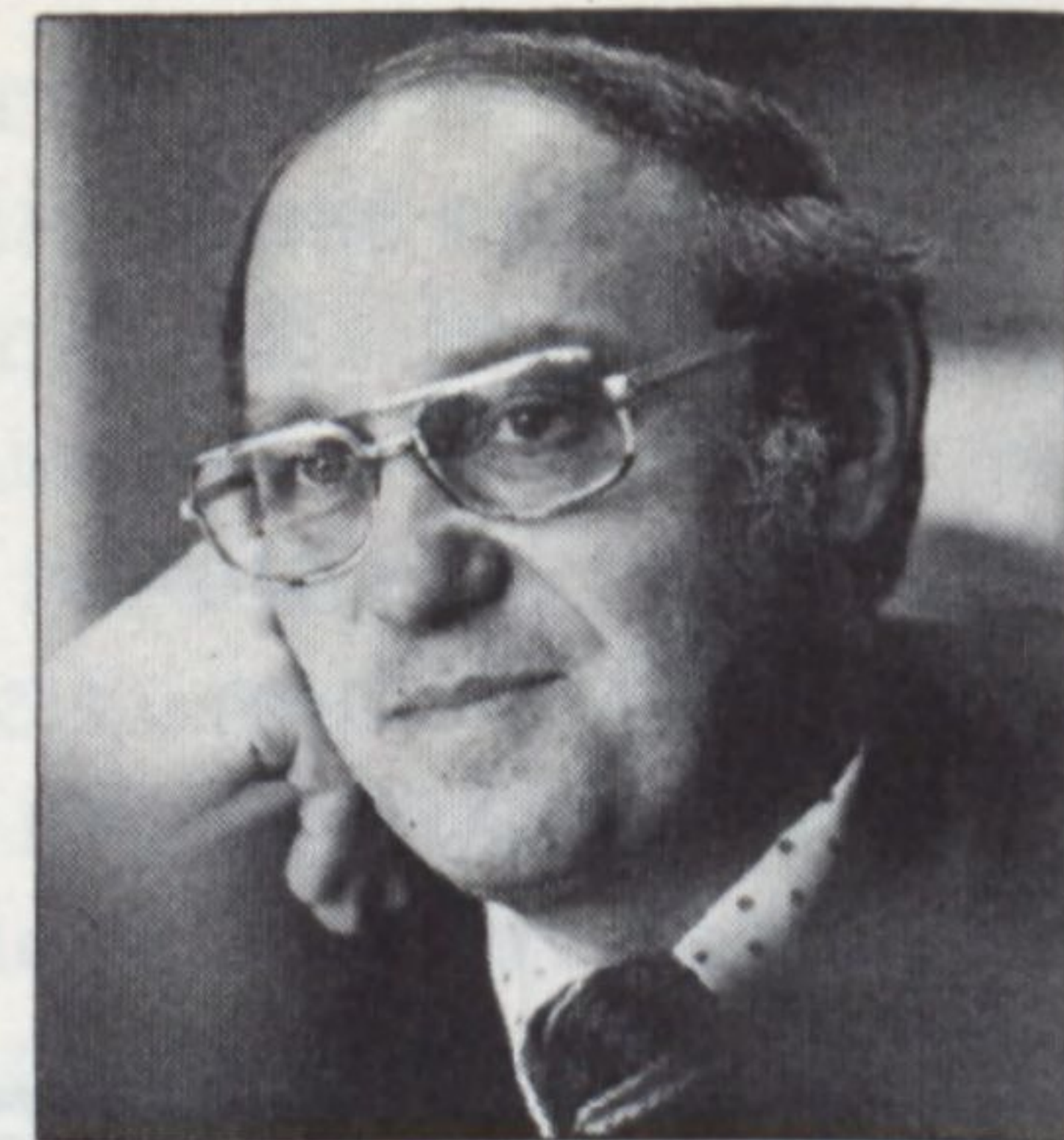
Under *normal* circumstances, I would guess *any* rebate program, *any* incentive program resulting in a lower price for a new car would surely act to force *down* used car prices. But this most recent round? Who can say?

Now, to another subject: Trader Vic (Vic Snyder) offered a tip to the workshop attendees in 1980, and some of the people who returned in 1981 told me how well the idea worked for them. It is not a merchandising innovation, just straight bookkeeping:

In many, probably most states, the dealer is allowed to recover a portion of the sales tax when a car

continued on page 46

TAX BRAKES



Irving Blackman

HOW TO PREPARE FOR AN IRS AUDIT

Franklin Delano Roosevelt said it— "... the only thing we have to fear is fear itself."

Most tax return examinations start with a letter to the taxpayer from the IRS or with a direct phone call from the examining agent. Instantly, the average businessman is paralyzed with fear.

Is this fear justified? Sometimes, yes ... and sometimes, no. Experience has taught me that a tax return prepared with the knowledge that a call from the IRS can bring trouble usually does—and the trouble is seldom worth the anticipated tax savings.

This is the time of year when most businesses have just filed or are about to file a tax return. What are the chances of that return being audited? Corporations are examined based on assets. The higher your assets, the greater your chances of being examined. The following schedule shows the probability of your hosting an examining IRS agent:

| Corporate Assets | Percent of Returns Examined |
|------------------|-----------------------------|
| Under \$100,000 | 4% |
| \$100,000—\$1 M | 12 |
| \$1 M—\$10 M | 40 |
| \$10M—\$100 M | 50 |
| \$100 M and over | 75 |

Your chances of an audit are enhanced by showing a low gross profit for your industry, high officers' salaries, high bad debt deductions, or similar expenses that are out of line with your company's sales and income.

All IRS agents do not deserve the same fear level. There's confusion over the different types of Internal Revenue Service agents that exist and their function. You should recognize that the agent, no matter what his purpose, is just doing his job. However, while doing his job, he is in a position to use up your time, your professional's time and assess additional taxes.

Essentially, there are three types of agents:

Internal Revenue Agents—This is the most common type of IRS representative. His job is to audit either your personal return, your business return, or both.

"The IRS has rigid guidelines prohibiting the acceptance of anything of value."

Revenue Officer—This type of IRS representative will usually do no more than ask you to visibly display your income tax returns, payroll tax returns and excise tax returns. He will not conduct an audit.

Special Agents—These representatives are from the Intelligence Division of the District Director's Office. They are responsible for conducting criminal investigations. Simply put, they

are cops. Their job is to put you in jail. They usually travel in pairs.

More important than this information, though, is to remember: (1) if you have done nothing wrong, you have nothing to fear, (2) you should not give any IRS representative any information but (3) you should *call your professional advisor and follow his suggestions to the letter*.

In the meantime, conduct yourself towards the IRS representative in a cordial and friendly manner. Quite often, business people antagonize an agent, then must spend a lot of time and money defending themselves—not because they really had a tax problem but because the agent just wanted to "hang in there" until he found something to "pin" on the antagonistic taxpayer.

The IRS has issued rigid guidelines prohibiting their agents from accepting anything of value while examining a taxpayer's return. The agent cannot even accept an invitation to join you for lunch unless there is no public dining facility readily available. The message is clear: "Don't offer anything of value to an agent." Well, maybe a soft drink or a cup of coffee is okay. But don't stretch it.

Usually, the agent will work at the taxpayer's place of business. Have your professional tax advisor contact the agent. Yes, your people can work with the agent, but limit the number of such people and have your advisor spell out their duties before the agent ar-

These columns are prepared by Blackman, Kallick & Co., certified public accountants, under the watchful eye of Irving Blackman. Blackman, also an attorney and author of *Winning The Tax Game*, consults with businessmen around the country on the subject of taxes and profitability. Questions concerning these columns should be addressed to Blackman, Kallick & Co., 180 N. LaSalle St., Chicago, IL 60601.

rives. Let your professional quarterback the entire examination.

One warning: Never, *never* make a false statement to an agent during an audit. *Such untruths will only rarely save you money, and to make one is a criminal offense, punishable by imprisonment.* Changing corporate minutes, documents or dates is the same as making a false statement. Remember Nixon?

The time to prepare for a tax examination is long before the agent shows up. Preparation means proper records and the right tax planning moves. The record part is easy; it is purely mechanical. But the goal is to save tax dollars without getting clobbered by the IRS. *That takes planning.*

The planning thrusts may be simple or they may boggle the mind because of complexity. Why not start planning now to save tax dollars next year? Consider such tax-saving devices as LIFO (last-in, first-out) inventory, defined benefit pension plans, component depreciation for real estate, use of multiple corporations . . . the list could go on and on. Stripping the government of tax dollars with legitimate tax-saving devices will *not* prevent you from getting the coveted "no change report" (that means the IRS accepts your tax return as filed) from the examining agent.

If your records are properly kept, legitimate tax planning will not only save you big tax dollars, but will assure you of a fearless devil-may-care attitude the next time an IRS agent calls.

. . . and good luck.

★ ★ ★

Vacation homes are tough to deduct. The American taxpayer is a very innovative animal. The I-am-going-to-deduct-my-vacation-taxpayer is a well-known species. He is a sort of masochistic road-runner, his adversary is the IRS, and he usually loses.

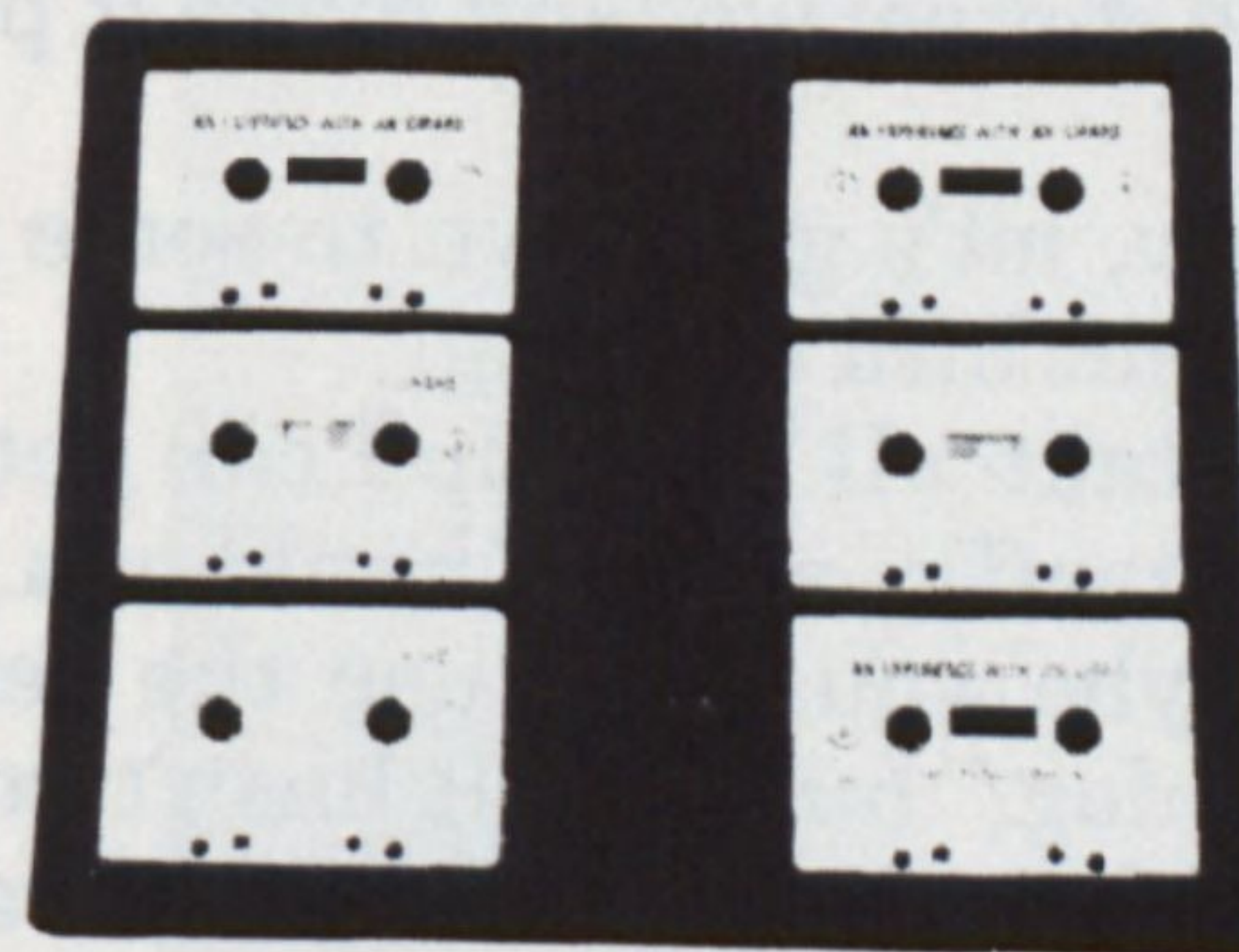
Here is another in this cartoon-like series: As everyone knows, the IRS has declared war on trying to deduct expenses attributable to the rental of a dwelling unit that is personally used by the taxpayer as a residence or vacation home. But, in one instance we know of, the "vacation-taxpayer" tried to claim that a mini-motor home escaped the regular vacation home rules.

No way, held the tax court. (Ronald L. Haberhorn (1980) 75 TC 17.) The Internal Revenue Code (Section 280A) defines a dwelling unit to include a "mobile home . . . or similar property." The court held that the mini-motorhome, like the other dwelling units listed in Section 280A, provides shelter and eating and sleeping accommodations . . . whether a dwelling unit is primitive, cramped, or palatial is not determinative of its use as a 'vacation home,' " concluded the court.

If you own a vacation home that you personally use and also rent out to others, deductions are possible. But, I strongly suggest you closet yourself with your professional and plan exactly what you can do and cannot do to obtain and maximize your vacation home deductions. If you use the home (1) more than 14 days a year or (2) more than 10 percent of the number of days during the year for which the home is rented, you are probably in big trouble.

Don't be a loser; *plan* the use of your vacation home. **Æ**

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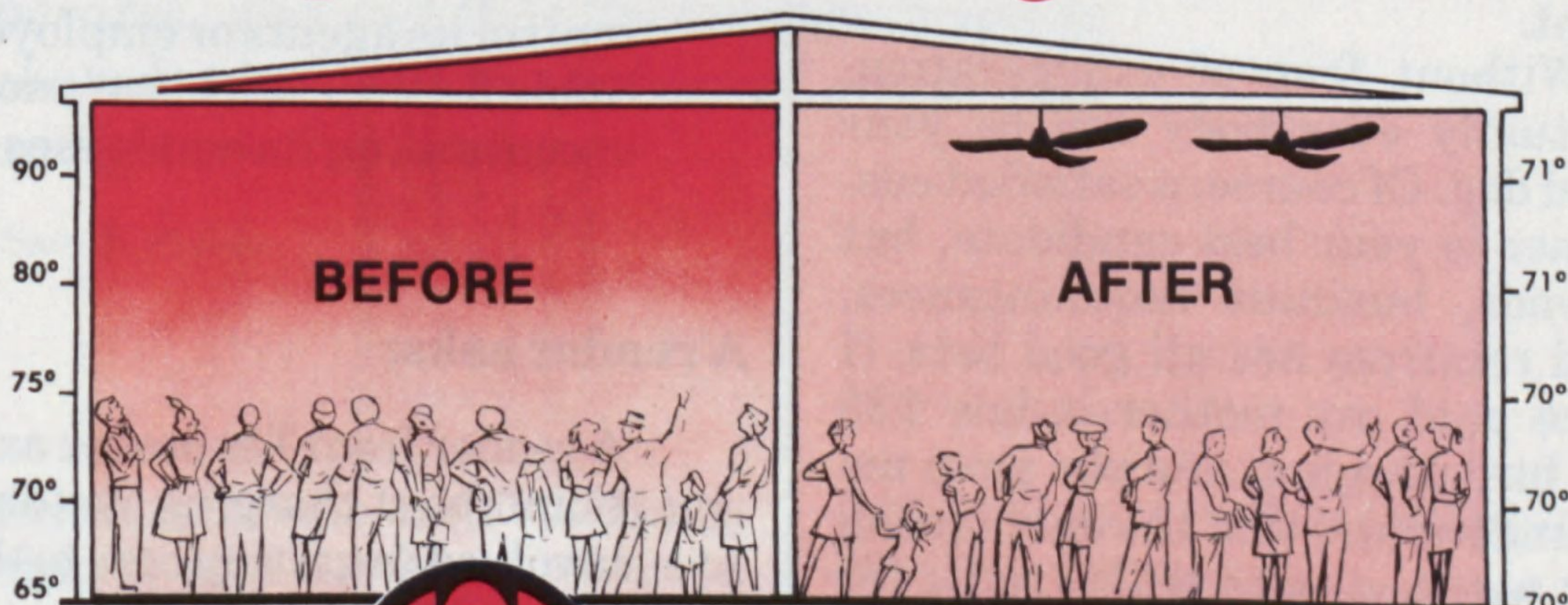
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I'll take all the help I can get to build traffic, and so should you.

Maybe you don't use the term "bird dog," but I do. It hasn't gone out of fashion with me. I've always liked people willing to hunt prospects for me, and when a prospect bought, I rewarded my bird dog promptly with \$25. (In these days of inflation, you might want to raise that 10 percent or more.) I once paid as much as \$14,000 a year to bird dogs and was glad to do it.

When I say, use bird dogs intelligently, I mean *be absolutely square with them. Don't try to stall them.* Sure it means you're laying out cash on the line promptly but be intelligent about it—treat it like any other cost of sales.

The \$25 I paid actually cost me only \$12.50. (And it was my money. The dealer I worked for did not pay half the money due.) The reason the money I paid—\$25—for a sale already in the hand cost me only \$12.50 was, the other \$12.50 would have otherwise gone to the government as income tax. I paid my bird dog \$25, but really, \$12.50 from me and \$12.50 from Uncle Sam. Now, that's being intelligent.

Without fear of exaggeration, virtually everybody can be your bird dog. Of course, a satisfied customer is your best candidate, but friends, business acquaintances, and relatives are all good bets. (I once paid my mother-in-law \$25 for bird dogging, and she gave me to understand that the only reason she was trying to build traffic for me was so that I could afford to support her daughter in the manner to which she was accustomed.)

If a person says he can't accept cash, then get him a gift of equal value or take him out to dinner. Believe me, the intelligent use of bird dogs really pays off when it comes to building traffic. And, with dealers, that steady traffic into the showroom is a sight they all love. I know. I've been there.

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advertising auto financing arrangements to use the term "annual percentage rate (APR)", and to *not* use "add on" rates.

State to monitor several Delaware repair shops

By the parties' agreement, the Delaware Department of Justice has the authority to monitor compliance with the terms of a settlement agreement between an insurance company and several Delaware repair shops. A private suit by the insurance company had charged nine repair shops and their two trade associations with alleged price fixing. (*Nationwide Mutual Insurance Co. v. Automotive Service Councils of Delaware, Inc.*, No. 78-323, D. Del. 12/16/80).

The repair shops are enjoined from fixing the cost of repairs and will be inspected by the Delaware Department of Justice. The two trade associations, Automotive Service Councils of Delaware, Inc. and the Associated Body Shops of Delaware, Inc., are to be dissolved in accordance with the consent decree. While the shops may join educational organizations, the Delaware Department of Justice is permitted to attend the meetings and inspect the records for a period of five years.

Franchisor found "vicariously negligent" for acts of franchisee

A New York state appellate court has found the franchisor of rental cars liable for the acts of its service station franchisee in an unusual personal injury case, [*O'Boyle v. Avis*, January 19, 1981, New York Supreme Court, Appellate Division, Second Depart. (Brooklyn)].

The facts of the case involve an auto rental franchise that was given to a service station operator. Two people were killed when an unlicensed employee of the service station drove an auto off the station's property.

The court upheld a jury's verdict against the franchisor based on actual and "vicarious" negligence. The jury was allowed to find that Avis, the franchisor, was negligent in failing to train, supervise or control its agents or employees. Additionally, Avis was "vicariously" liable for the franchisee's negligence in hiring, training, supervising or controlling its employees.

A reader asks:

A reader from Tennessee asks: "Are there any government regulations about charging customers extra for the transportation expense involved in getting cars to the showroom?"

There are no hard and fast federal rules about freight charges, only general guides on advertising and fair business practices. You are entitled to collect your actual transportation costs (from port-of-entry or factory) plus a moderate handling/processing fee. If no exact charges are known, a dealer may make a "good faith" estimate. If the factory pays for your transportation, you may not "double-charge" customers.

It is important not to misrepresent the freight or destination charge as something else. Problems do arise when dealers use the term "freight charge" as a "catch-all" expression for other charges or dealer profit.

You should also check your state law for any applicable statutes or cases on this subject.

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Advice to dealers

Stop Playing "Ostrich" With Your Parts Department.

The way things are in the car business these days, you'd think every franchised dealer would be watching each area of the dealership like the proverbial hawk. Unfortunately, too many auto retailers are acting much more like a bird of another feather—the ostrich. They're burying their head in the showroom and virtually ignoring their "rear end."

Fritz Miller is a man who is all too aware this situation exists. As comptroller at Jack Winegardner Chevrolet in Oxon Hill, Md., the outspoken Miller is in a position to view the rising and falling fortunes of dealership profit centers, and he knows how important each is in the overall scheme of things. As a former parts manager, Fritz pays particular attention to that end of the business. Periodically, he conducts parts department inventories at other General Motors dealerships.

"I definitely feel there are too

Many dealers need to sharpen up their knowledge of how a parts department operates, and put that knowledge to use to take advantage of the potential profit and savings available there.

by Sam E. Polson

many dealers who aren't as sharp as they should be when it comes to the parts business," Miller recently told AE. "When sales are good, very few of them even take their service and parts departments into consideration. The only reason some of them are waking up now and paying attention to what's going on back there is because the industry's hurting and sales are off. They're having to go to other means of generating and saving profits . . . and a lot of them are finding out the parts de-

partment is a very complex and difficult operation."

Miller outlined three major areas in which a dealer's lack of knowledge can easily lead to parts department difficulties and, ultimately, dealership losses of one kind or another;

1. Failure to realize the overwhelming melange of parts involved in today's auto repair business, complicated even more by an ever-shifting array of parts identification numbers.

2. Failure to insure that a prop-

er system of parts inventory control is in effect.

3. Failure to take full advantage of parts incentive programs offered by the factory.

Talking about the sheer number of parts handled by a modern dealership, Miller shook his head and termed it "just unbelievable."

"For example," he asked, "do you have any idea how many different types of moldings there are? Just moldings? Just on simple wheel opening moldings, you've got one for the right front, one for the left front, one for the right rear and one for the left rear . . . none of them interchangeable. That's four different part numbers right there just for the plain ones. Then you've got the ones with different colors and each color has to have a different part number.

"So now for just one *model* of car—take the Chevette, for instance—you've probably got somewhere in the neighborhood of 64 different part numbers just to cover wheel opening moldings. If you multiply that by all the different models of cars and trucks a dealership sells, you've probably got 1,200 to 1,300 different part numbers just for wheel opening moldings."

As if keeping track of this deluge of parts numbers wasn't a big enough task, Miller brought up the additional problems created by parts number changes and the dangers inherent in not keeping them current.

"New parts books normally come out every year," Miller said, "but there are also periodic changes made by the manufacturer. Now, when the numbers are changed, all the parts in stock with the old numbers on them are *yours*. You can't return a part once the number is changed."

Obviously, because of the "new number" situation, dealers should make every effort to insure parts carrying defunct numbers are used out of the bin first. In this manner, non-returnable parts will be weeded out, leaving only parts with current numbers—and eligible for return—in stock.

"Even more important," Miller continued, "all those old parts must be labeled with numbers that will coincide with the ones in the book. If they aren't labeled, those parts are just going to stay

back there in the bins and never get used. There's no way you can use them because you're not even going to know they're there!"

To add emphasis to these remarks, Miller cited a "real life story" showing what can happen when parts number changes are improperly handled.

"I recently did a parts inventory at another dealership and found \$8,000 worth of parts in the bins that would never have been sold because the dealership people didn't have any idea what they were," the comptroller said. "And they didn't know what they were because the numbers either had never been brought up-to-date or were missing altogether.

"Now here's this dealer who is worried about holding another \$100 on a (new car) deal and he's got \$8,000 worth of parts that are sitting back there doing nothing. Next year, instead of just \$8,000—if things aren't changed—it might be \$16,000 in parts going to waste."

The solution to such a problem and numerous other parts department ills, according to Miller, is a closely followed parts inventory control system.

"Inventory control is very, very important," stressed the Maryland auto man. "You've got to be able to cross-check parts number changes and parts that have become obsolete so your stock doesn't get bogged down with unknown or unusable parts."

Miller said he feels the use of computers has revolutionized parts inventory control, but he pointed out certain pitfalls of computerization that should be avoided. Also, he pointed out certain steps in the control system that still must be done manually to make the whole setup work and work right.

"There's no doubt in my mind that, if you have a large parts department, you *have* to go with the computer," he said, "but if it were feasible to still handle your parts inventories manually, you'd probably be better off."

Why? Because of accuracy and timeliness, Miller said.

"With a properly operated manual system, you always have up-to-the-minute totals that show what you have on hand and what you might be running low on," he

explained. "So many times, you can't get on the computer because somebody's putting stuff into the machine or maybe the guy down the road is on it. When you have to wait to get on the computer, it's easy to let things slide for a couple of days, and then you might start having some troubles. It's not the computer's fault; it's the people who put the information into the computer—or, more correctly, the people who *don't* put the information in."

Whether a dealer is on the old manual system or is on a computer setup, Miller said the most important factor in any inventory control system is to insure that all transactions are noted on a strict daily basis.

"When a part is received, it should be entered on your inventory list that day," Miller emphasized. "When it's sold, it should be taken *off* your list that day.

"The best way to make sure incoming parts are logged properly is to have the actual invoices posted right to your records. This should be done no matter where the parts are purchased—from the factory, a jobber or another dealer."

Miller said he realizes this procedure probably will be questioned by parts managers who feel there is no need to post invoices from other dealerships since such parts ordinarily are used right away.

"To a manager who questions me about this," Miller went on, "I'd ask him what's going to happen if the part turns out to be the wrong one and can't be returned. What happens if, for any reason, you don't use the part right then? It's probably going to end up back in one of your bins with no record of it on the parts inventory list and you're going to have a part that nobody knows is there. So I'd demand that *every* part that's purchased be put on the inventory list."

On the other side of the coin, when a part is sold, Miller said, the most expedient way to keep tabs on the outgoing part is to use the parts man's sheet, that is, the white sheet attached between pages of each repair order.

"Instead of using the entire RO," he said, "and holding up the accounting department, you just take these little white sheets and

record sales on a daily basis.

"If you post all invoices when received—including special order parts—and take them out when sold, then you'll always know when the red flag should go up—the red flag that says you're down to, say, only four oil filters. The way (computer) printers are today, I think it's smart to run off a parts inventory pad (printout) *at least* once a week. You can normally start it running when the day's business is over and you're getting ready to leave. That way it will be all run off and ready for you the first thing next morning."

Having a current "pad" on hand accomplishes two important things, said Miller. First, the parts manager will know what items are in his bins and, second, it will cut down on trips to buy out-of-stock parts from other dealerships or jobbers.

"Dealers just don't seem to realize how important it is to have a current parts pad," stressed Miller. "If you're using a pad that's maybe a month old, at the time it was run you might have had two mirror heads in stock for, let's say, a Chevelle. But, if those parts have been sold in the month since the last pad was run, your parts man can waste a lot of time looking for a mirror head that isn't there even though it's listed."

"What's even worse, maybe you didn't have any of those mirror heads in stock when the last pad was run, but since then you've ordered them and there are two in stock. Well, that old pad isn't going to show any on hand, so when the need arises for one, you might send all the way across town to pick up an item when there's two of them right there in your bin."

How can a dealer put his fears to rest if he suspects his parts inventory controls aren't all they should be? Miller thinks the best way is to pull occasional spot checks.

"The dealer might want to go into the parts department some night after the parts manager has gone home and just look at the parts pad," he suggested. "If it's a good pad, it will have the description of the part, the part number, the location of the part, and the cost and wholesale and retail prices. The dealer should spot check a few parts and see if they're

in the right spot and if they carry the same number listed on the pad. If they do, he can be fairly sure he has a pretty good inventory control system working.

"If things don't check out the way they should, the dealer might want to talk to his manager and find out why. He should see if the department is posting on a daily basis and how many times a month a pad is being run."

In addition to the above checks, Miller also advocated a complete inventory of parts on an annual basis.

"Even if you have a good inventory control system," he pointed out, "you're not going to catch all the changes and mistakes. That's why you should, by all means, have a complete parts inventory conducted once a year. It will tell you two things: (1) whether your parts manager is an honest man and runs a good ship and, (2) how many of your parts aren't listed in the price book."

And what do you do with parts that aren't in the book? Those parts that are obsolete and can't be returned for factory credit? Miller said that can be a tough problem to solve, short of taking a total loss on them.

"You don't want those obsolete parts in your bins because you'll *never* get rid of them that way," he said pointedly. "My suggestion is to take them out of the bins and see exactly what you have. You might even want to have someone who's knowledgeable about parts write a description on each one."

After a dealer really knows what obsolete parts he or she has on hand, Miller suggested two possible approaches for getting them out of the parts department: selling them internally to the used car department or using them in a barter deal with local jobbers or suppliers.

"Every part that could be used to make a used car better," he said, "I'd put it on. And that includes things right down to wheel opening moldings and wheel covers. By doing this, you can serve two purposes: (1) you get the obsolete parts out of your bins where they're taking up space and, (2) if you pay your used car salesmen on a cost basis, it's going to raise the cost of the unit so you don't have to pay the salesman as much when

he sells it. Of course, your used car salesmen won't like that much, but I'm always more concerned about things that are best for the dealership as a whole."

The other approach—one that Miller seemed less enthusiastic about—involves making an arrangement with jobbers or suppliers who will take the parts off the dealer's hands for their own sales purposes and, in return, will discount future purchases made by the dealership. Miller warns, however, that dealers or parts managers should take care not to promise to buy large amounts of products from jobbers just to get rid of unwanted parts. The comptroller and former parts manager said he believes parts purchases from the franchising factory turn out to be a better deal in the long run even though jobber prices may be lower. He bases this opinion on the fact that factory parts incentive programs pay off further down the road. Among these programs are advertising credits figured on the dollar amount of parts purchased from the manufacturer, and parts inventory return allowances accumulated through parts purchases.

"My advice to dealers and parts men today is to buy as many of their parts as possible from the factory," said Miller. "I don't know what kind of programs Ford or Chrysler offer their dealers, but I imagine they have ones similar to those offered by General Motors. Even if you can buy spark plugs and oil filters from a jobber at cheaper prices than those charged by GM, you're not going to get advertising credit and you're not going to build up a parts inventory return allowance that can run either 8 percent or 4 percent, depending on the type of parts order placed."

Miller said he believes it's important for a dealership to have a parts return allowance built up with its factory. It's important, he said, because—with the vast number of items a parts man must handle—mistakes are inevitably going to be made and it may be necessary to return those "mistakes."

"This isn't like going down to a department store and buying a pair of slacks and then taking them back because they don't fit

right or because you decide you just don't like them," he said. "You can't return parts unless you have an allowance built up or unless you want to pay 25 percent of their cost. That's what General Motors is going to charge you unless you have that return allowance built up."

In wrapping up his comments about "back shop" management, Fritz Miller espoused the rudiments of a pay plan that he believes could stimulate greater dealership profits from several quarters and, at the same time, promote teamwork among the various shops in the service sector. He admitted his plan is somewhat unorthodox—perhaps to some, even radical.

"I think one of the biggest mistakes a dealer can make is to pay, to the service department, body shop and parts department managers, commissions that are based on gross sales made by the manager's respective department," Miller ventured. "The best way to pay these managers, in my estimation, would be to lump everything together and pay each manager a commission based on the net of what all three departments did."

"I know dealers will say, 'Is he crazy? I'm going to pay a body shop manager on what the *service department* did?', but if they would just stop and realize how a plan like this could turn the attitude of those three managers around, it might seem more logical."

The logic, as Miller sees it, is that such a pay mechanism would break down many of the barriers that usually exist between the three back shops.

"Instead of the body shop manager, service manager and parts manager working together as a unit," Miller explained, "they too often work apart from each other, each striving for achievement in his own department, even though that department actually has to rely on the other two to a great extent. If only they would work for the dealership instead of for themselves *individually*, their service to the dealership and to the customer would be so much better. And I don't have to tell dealers that a satisfied service customer will most likely buy a car from the same dealership when the time comes."

BIG RIGS from page 14

Fuel Economy Improvement Program has helped to account for billions of gallons of fuel saved, new fuel economy measurements introduced, and improved performance—all without a single regulation or rule imposed! The market has borne these demands, the industry has met the challenge, and the government has assisted in the efforts!

It seems logical that the government work in tandem with industry. Almost every other industrialized country in the world has that kind of relationship. It's about time *we* did. To accomplish this, we must point to the success of programs like VTBFEP. And, we must demonstrate to the President and Congress that this is the way to go.

Truck prices are going to increase *steadily* unless we take steps to end the spiral. I feel fewer regulations, more industry/government cooperation and a responsive Congress will help. We seem to be headed down the right road now. It's up to us to see that President Reagan and others like him have our backing in their endeavors.

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USED CARS from page 36

is repossessed. We will take a hypothetical state . . . it could be yours. Let us say the skip has a \$1000 balance due, and let us say your state permits a credit for 80 percent of the balance, or \$800. Further, let us say the sales tax is 5 percent—in that case your refund would be \$40.

In some states, the claim may be retroactive—one state permits three years—and the refund has no bearing on the asking price of the repo following reconditioning. So, check it out in your state. What can you lose?

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COMPUTERS from page 36

Monroe Calculator (F&I). Morris Plains, N.J.

M.C.S. Inc., Salt Lake City, Utah.

Oakleaf & Associates (F&I, etc.), Panorama City, Calif.

Reynolds and Reynolds, Dayton, Ohio.

Sharp Electronics Corp., Industrial Equipment Div., Systems (F&I), Paramus, N.J.

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Showcase

WHAT'S NEW ON THE MARKET

Oakleaf & Associates, Inc., introduces the **MP-16** at NADA. The MP-16 is quite a speed demon. Two separate micro-processors make both printing speed and complicated calculations much faster. Also, computer communications are now a reality. You can have the new Oakleaf doing several things at the same time, something computer people call 'multi-tasking'.



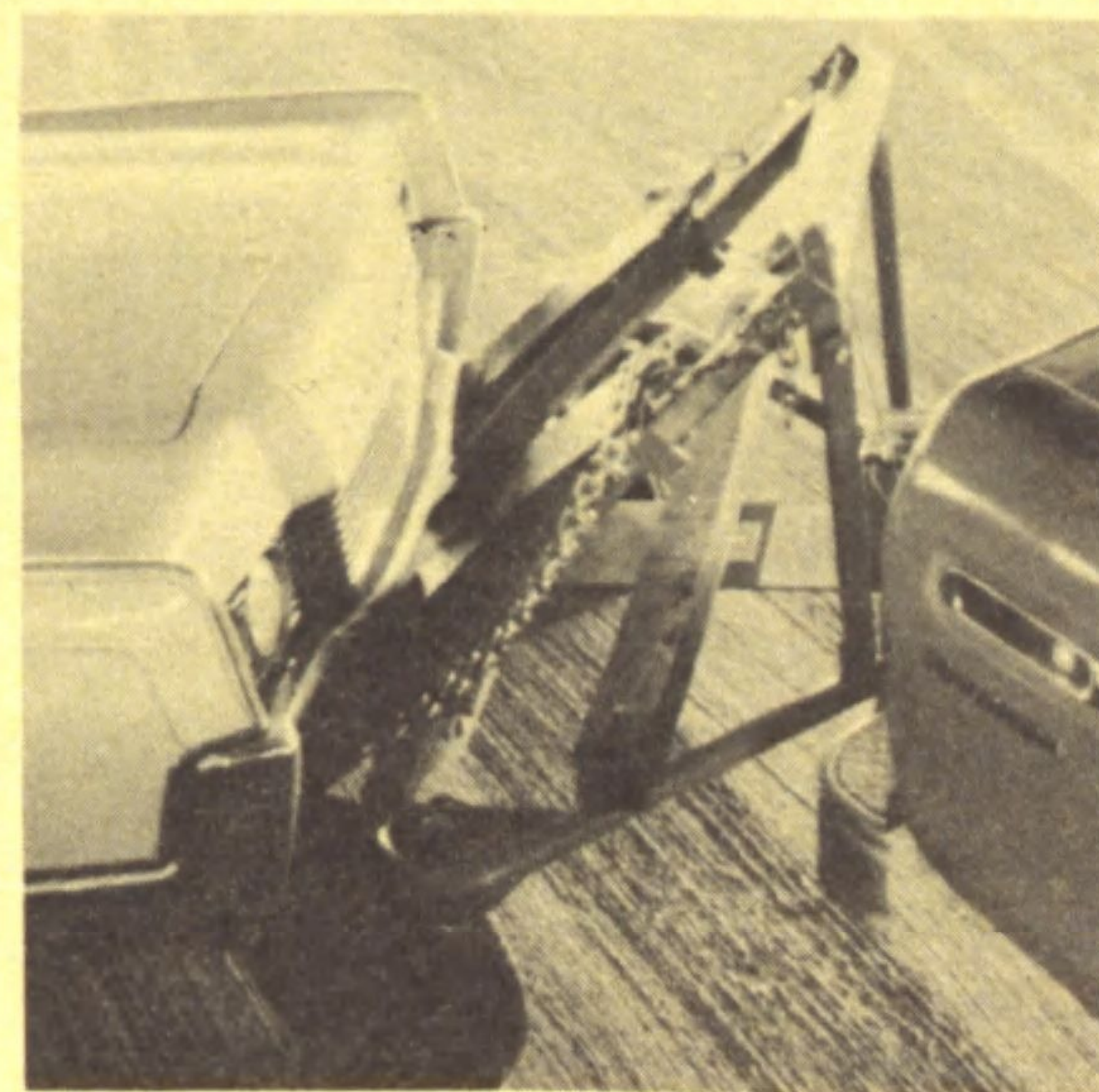
Also, many different work stations within your dealership can share your Oakleaf's computing power at the same time. And the entire credit checking process is completely automated. All you have to do is dial the telephone. Oakleaf offers a variety of ways dealers can increase their profits in the current market. You can get the telephone number of your local Oakleaf office by calling (800) 423-3681.

Devcon Corp. introduces a fast curing new epoxy compound on a pocket size spool. **Pocket Epoxy** is a "5-Minute" brand epoxy in a new form. Resin and hardener are layered together on the spool and need only to be torn off and mixed between fingertips to prepare for use. Cure time is between 5-8 minutes and cured material can be sanded, painted or drilled. Pocket



Epoxy's convenient size permits it to be carried in pocket or tool box, readily available for quick, emergency repairs. Uses include plugging small holes in gasoline or chemical tanks, filling gaps between rough metal edges where a smooth, rigid surface is required. Manufacturer: Devcon Corp., Endicott St., Danvers, MA 01923.

If your organization has a fleet of cars or vans on the road, parking areas to maintain, or repairs vehicles, you should be aware of a revolutionary low cost patented towing unit that up to the present has mainly been made available to U.S. Government agencies. It's called **e-z-tow**. It will easily pick up any car from sub-compact to a limousine plus vans and pick-up



trucks. No special towing rig is required to pull the unit—only a standard 2-inch hitch. Besides heavy duty outside work, e-z-tow works well in tight spaces or where ceilings are low. The unit is extremely well conceived and constructed and is very gentle with the vehicle being towed. Manufacturer: e-z-tow, Inc., One Orchard Industrial Park Rd., Madison, CT 06443.



Trimble has introduced new **Spectrum Stripes**, tri-color side-by-side stripes in illustrated full-color self-hanging cards designed to stimulate impulse buying. The

new Spectrum Stripes, with proven popularity in the installer market, comes in a choice of four tri-color combinations in 3/8-inch widths by 40-foot lengths. Spec-

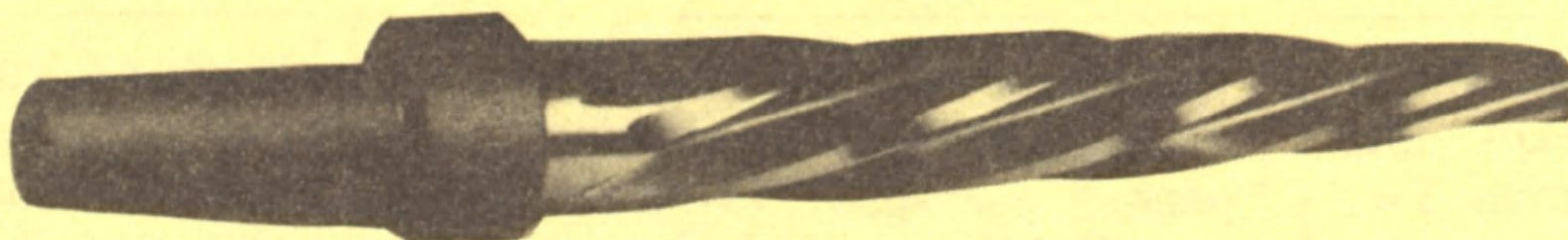
trum provides a multi-colored accent complimentary to today's automobile color schemes. Manufacturer: Spartan Plastics, Inc., P.O. Box 67, Holt, MI 48842.

Information and photographs of products listed in Showcase have been provided via manufacturer's press releases. A product's appearance in this column in no way implies endorsement by either NADA, the National Automobile Dealers Service Corp., or automotive executive magazine.

The **SA-80 Straight Shank Car Reamer** was just added to the growing line of Champion Twist Drill Corp. high speed cutting tools. This new tool is used for tru-

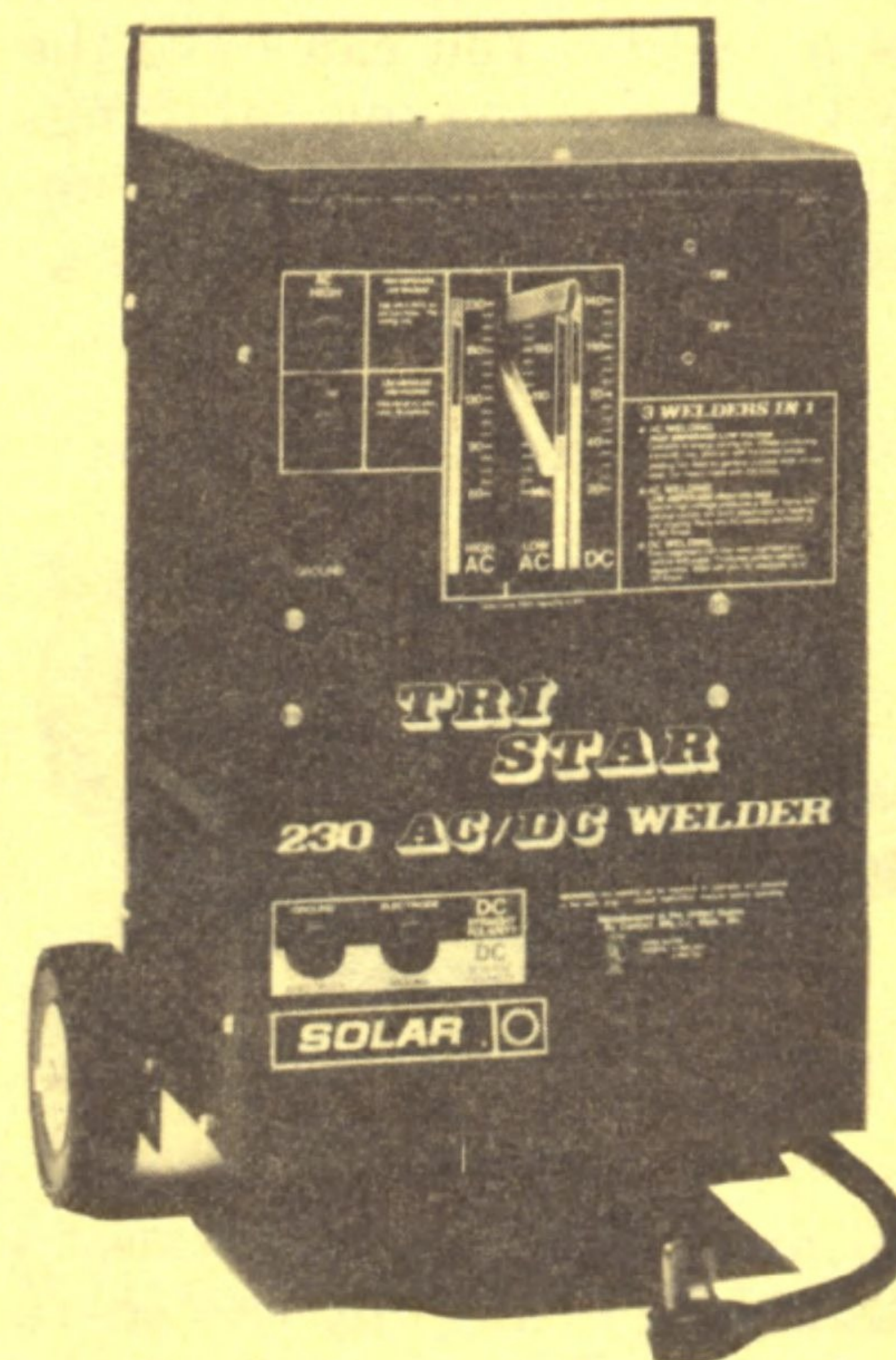
ing, aligning and deburring holes in structural steel members, automotive maintenance and fabrication. The flute geometry of the SA-80 is a left hand fast spiral, right hand cut, developed for high speed

use. The SA-80 is available from stock in 1/2-inch, 5/8-inch, and 3/4-inch sizes. Manufacturer: Champion Twist Drill Corp., 100 North Park Ave., Rockville Centre, NY 11570.

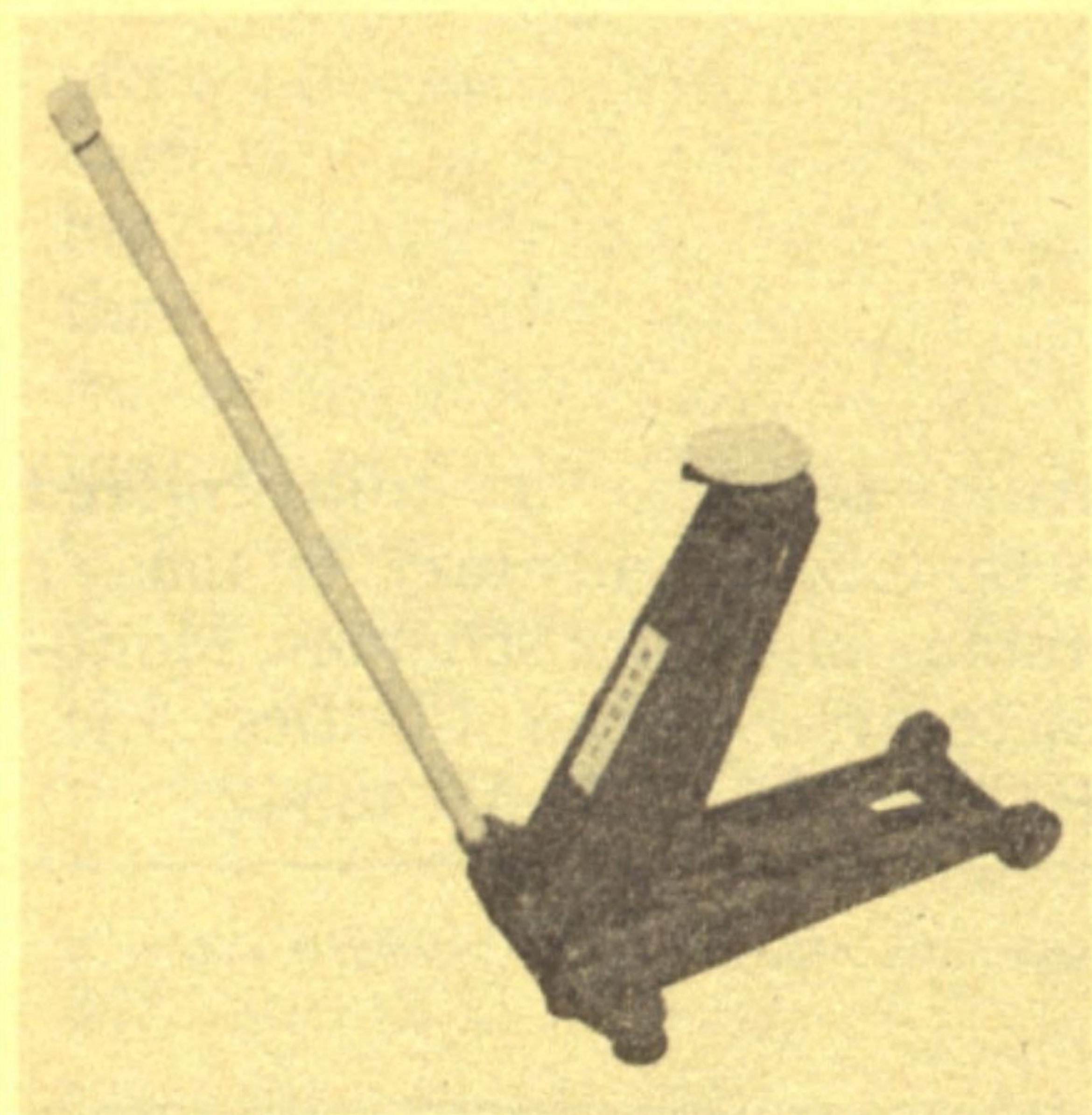


The **"Tri-Star"** welder delivers three types of welding current for performing the following jobs with ease: 1. AC Welding—High Amperage/Low Voltage, 2. AC Welding—Low Amperage/High Voltage, 3. DC Welding. Additional operating features include patented transformer design with heavy-duty, multi-insulated windings, quick disconnect cable jacks for AC and DC general purpose weld-

ing, cutting heavy metal and carbon arc torch, positive amp selection with twin grip amperage control, and up to 100% duty cycle for longer life. The "Tri-Star" has a standard accessory kit which includes helmet, cables, ground clamp, electrode holder and instruction booklet. Optional wheel and handle kit is available. Manufacturer: Solar, Division of Century Mfg. Co., 9235 Penn Avenue South, Minneapolis, MN 55431.

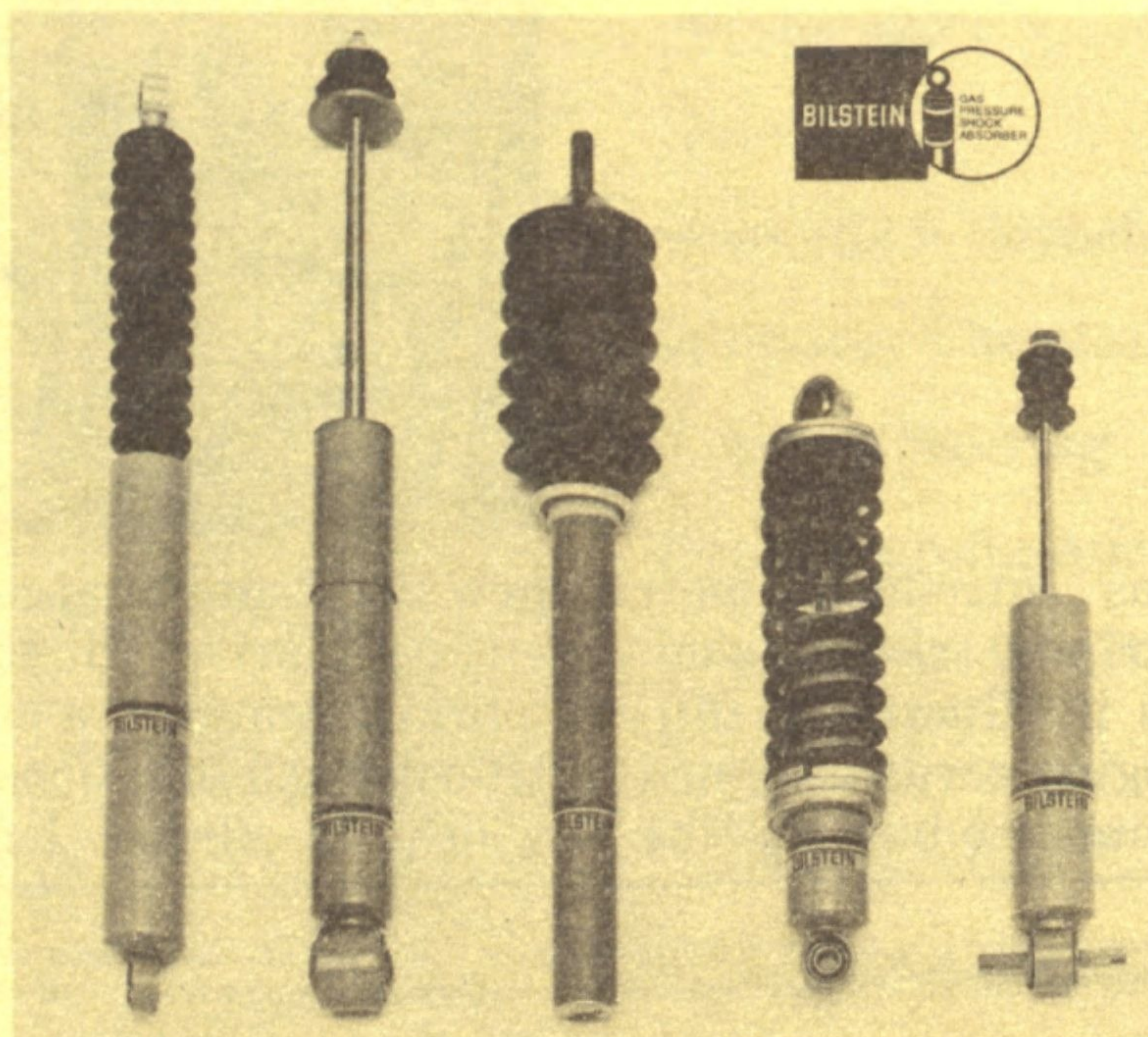


Benwil Industries has announced the development of a 1-1/2 ton **High-Lift Floor Jack** for automotive service facilities. The new jack features a 26 inch rise, six inches higher than conventional 1-1/2 ton floor jacks. Painted OSHA orange for high visibility, the jack carries a six month warranty against defects in materials and workmanship. Manufacturer: Benwil Industries, 20526 Gramercy Place, Torrance, CA 90501.

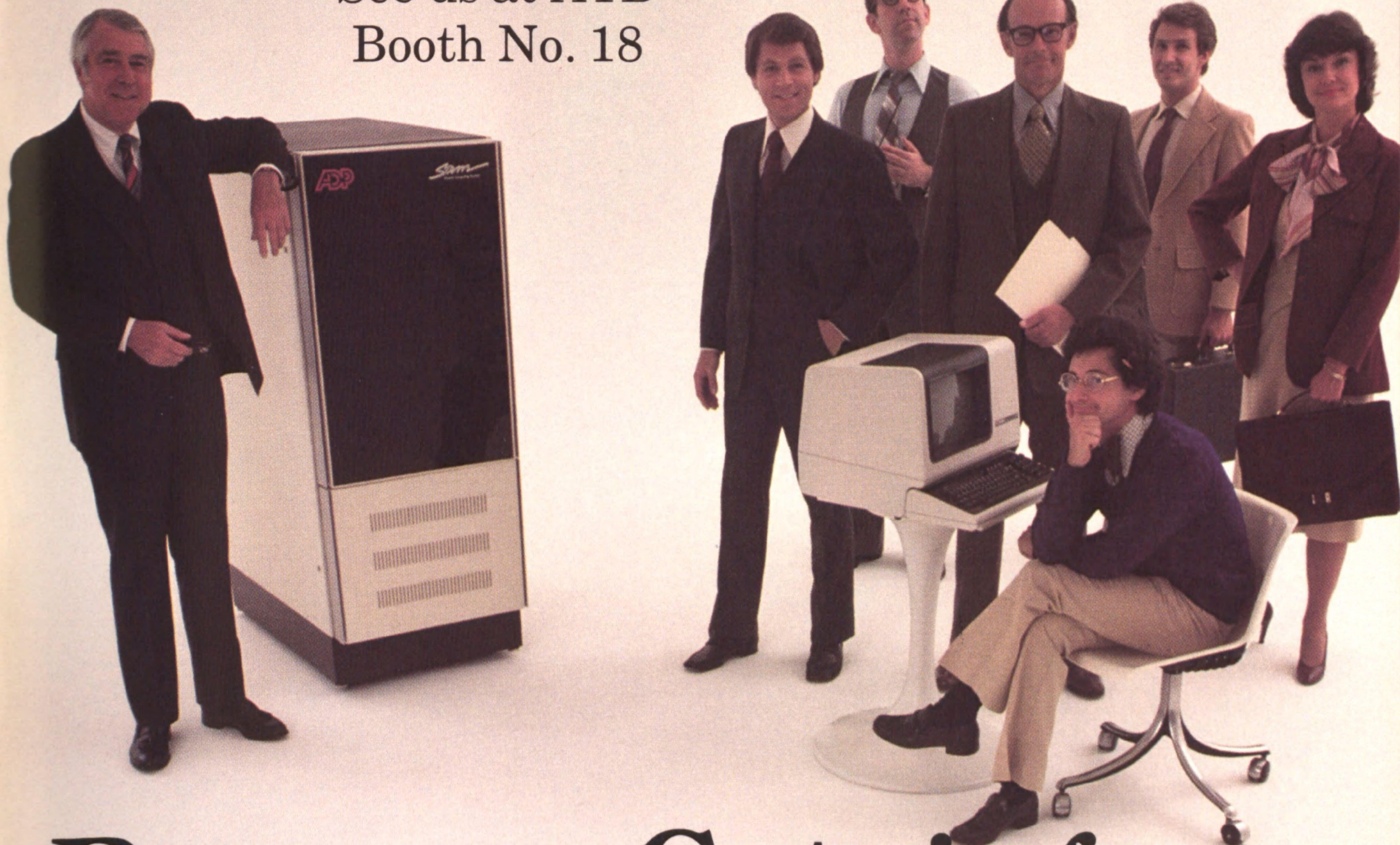


The Bilstein line of **Gas Pressure Shock Absorbers** employs a wide variety of unique patented damping pistons invented by August Bilstein of West Germany. An added benefit of the unique damping pistons is that, unlike the double tube pressureless shock

absorbers, they do not deteriorate over a period of time. The Bilstein Gas Pressure Shock Absorber is a mono tube unit with applications for most imported and domestic cars, trucks, vans and RV's. Manufacturer: Bilstein Corp. of America, 11760 Sorrento Valley Road, San Diego, CA 92121.



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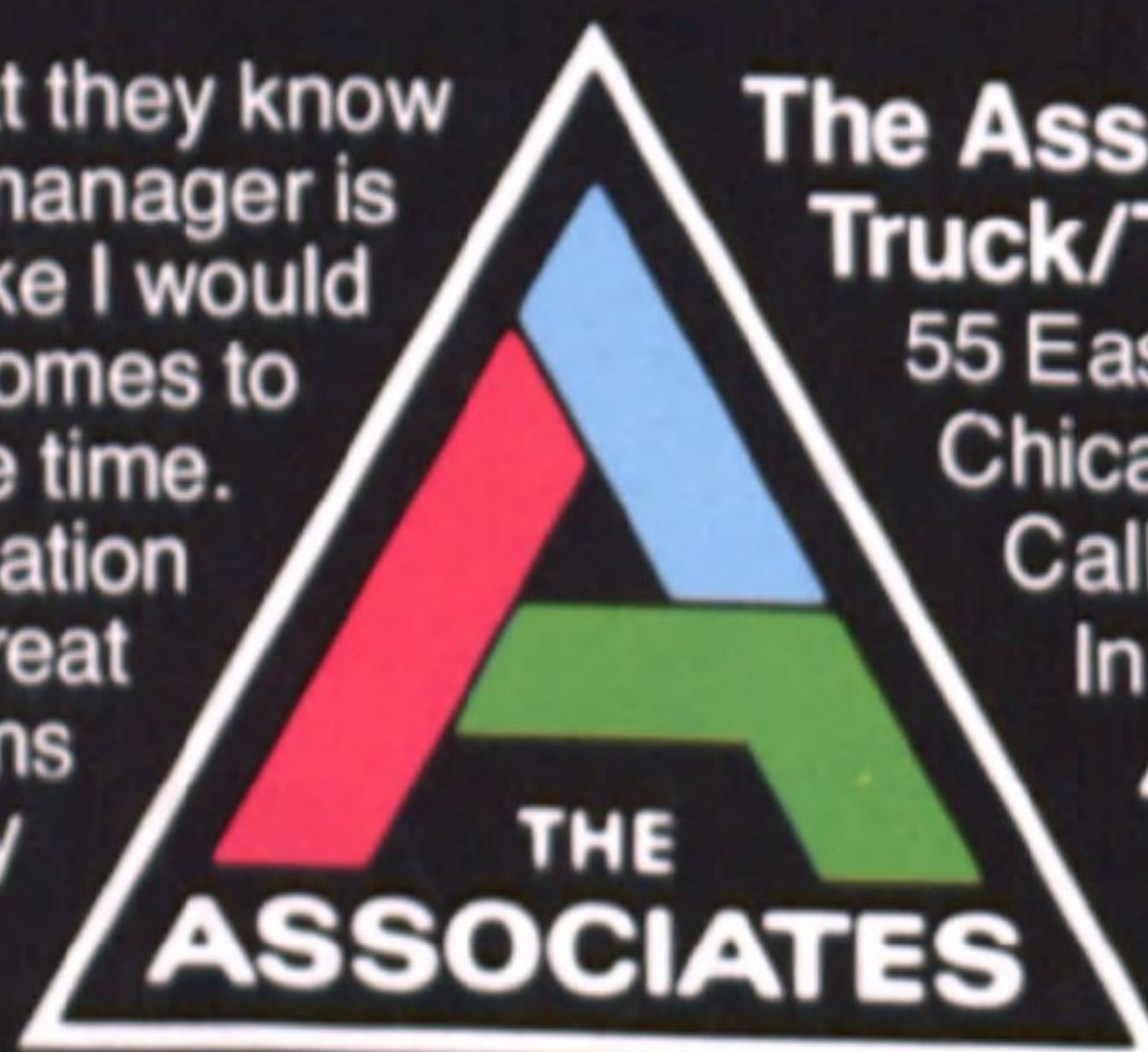
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